PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 436 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

**FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II**

SESSION 2005–06

COMPRISING PERIOD
4 July—5 October 2005

Cam 1 Ref (10/06)

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4 July 2005

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 436**

THIRD VOLUME OF SESSION 2005–2006

House of Commons

Monday 4 July 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Second World War

1. **Meg Hillier** (Hackney, South and Shoreditch) (Lab/Co-op): What events are planned to mark the 60th anniversary of the second world war; and if he will make a statement. [8651]

The Secretary of State for Defence (John Reid): It is extremely important that all of us in this country recall the sacrifices of our past and pass on the culture of remembrance from generation to generation. That is why the Government are organising a series of events this week to commemorate the 60th anniversary of the end of the second world war. They will be centred on national commemoration day, on 10 July. It will bring to an end the first ever veterans awareness week, which will concentrate this year on second world war veterans.

Meg Hillier: Does my right hon. Friend agree that it is extremely important to recognise not only the veterans who are still alive but the memory of those who gave their lives in conflict for our future? Will he join me in applauding the work of the late Sir Donald Thompson, a former Member of this House, in establishing the War Memorials Trust, of which I am a trustee? Will my right hon. Friend also promise that he will work with colleagues at the Department for Culture, Media and Sport to ensure that all war memorials—not just listed ones—are preserved, as the conflicts that we are discussing move from living memory to history?

John Reid: I should like to associate myself with my hon. Friend's tribute to Sir Donald, a former Member of this House, whose tireless efforts on behalf of the War Memorials Trust—a charity dedicated to the conservation and preservation of 65,000 memorials throughout the country—has ensured that those who gave their lives for our freedom are not forgotten. In a real sense, this week's veterans awareness week is intended to be a living memorial not only to those who gave their lives, but to those—military and civilian—who suffered great hardship and made great sacrifices for this country. It is a fitting tribute to them.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I hope that when we do commemorate the many veterans who sacrificed so much, the Secretary of State will remember the many Poles who came to this country. According to some estimates, one in five of the pilots who fought in the battle of Britain were Polish. My own grandfather was among the Poles who came over during the war, and I hope that we can remember them as well.

John Reid: Absolutely. The hon. Gentleman may be pleased to know that I was the first Defence Minister ever to attend the Polish memorial ceremony at Northolt, on Remembrance day 1997. So I do remember the Poles, along with the Czechs and the many other

nationalities who came here. But as the hon. Gentleman says, none were more prominent than the Poles, particularly those who served in the Royal Air Force.

Sarah McCarthy-Fry (Portsmouth, North) (Lab): We in Portsmouth have just commemorated the 200th anniversary of the battle of Trafalgar. One of the most moving aspects of last Wednesday's drumhead service was the work that veterans had done with local schoolchildren. Does my right hon. Friend agree that it is very important that we keep alive the memory of those who gave their lives in the service of their country, and that our schoolchildren learn what such conflicts were like?

John Reid: Absolutely. I had the great pleasure of attending, with Her Majesty the Queen, the review of the fleet, which took place off Portsmouth, and the Under-Secretary, my hon. Friend the Member for Islwyn (Mr. Touhig), attended the drumhead ceremony. It is of course vitally important that we recall the lessons to be learned, as well as the memory of those who served in combat for us. First, we should recall the terrible, tragic and huge cost of war. Secondly, we should recall the price of appeasement, which resulted in many more lives being lost than would have otherwise been lost. Thirdly, we should recognise that these memories have to be retained for generation upon generation, because it is on them that we build partnership and peace with former enemies. Thankfully, such efforts have preserved peace in Europe for 60 years.

Joint Strike Fighter

2. **Mr. Crispin Blunt** (Reigate) (Con): If he will make a statement on the ownership of the intellectual property in the joint strike fighter. [8652]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Intellectual property rights in the joint strike fighter system are owned by the contractor generating them, whether UK or US companies. Ownership of subcontractor-generated information is a commercial matter between the contractor and subcontractor. The Ministry of Defence can use the IPR generated under the JSF contracts and subcontracts for purposes associated with JSF, whether nationally or collaboratively with other partner nations.

Mr. Blunt: Will the Minister confirm that owing to lack of access to the intellectual property invested in the joint strike fighter—the UK has now invested some £2 billion in this programme—and owing to the lack of a guarantee of future access to such property and to other elements of the JSF programme, if we ordered this aircraft today, we would not have sovereign control over it? In other words, we would not be able to upgrade and update it in the light of British requirements, once it was in service with us. It is unacceptable for the UK to have such a substantial part of her future defence requirements operating without sovereign control and the fact that this matter has not already been sorted out is a pretty poor return for British assistance to the US. Will the Minister make it clear that it is unacceptable for purchases to go ahead on this basis and will he inform the US Administration that the House believes it to be indifferent at best that her No. 1 partner in this programme and No. 1 partner in operations around the world is being treated in such a fashion without this issue being resolved?

Mr. Ingram: I well understand the heat generated by the way in which the hon. Gentleman has raised the matter. We constantly make representations to the US Administration through our defence and other contacts. Discussions are under way to ensure that the information transfer, which is crucial to our maintenance of the fleet, is completed to our satisfaction. We are at an early stage as yet, but the determination that the hon. Gentleman requests certainly exists within the Ministry of Defence and elsewhere in the Government.

Mr. Lindsay Hoyle (Chorley) (Lab): I am sure that my right hon. Friend would agree that not to have the intellectual property rights and the know-how and ability to service the aircraft as well as build them to supply other nations amounts to a serious setback—not only to the loyal workers at Warton, but to the rest of Europe. The failure to reach agreement on the intellectual rights will put those workers' jobs, and the Royal Air Force as a whole, at risk. Furthermore, we will not have the operational capability to work off the new aircraft carriers. If we fail to get agreement from the Americans, will my right hon. Friend look further into the intellectual property rights and design that was put forward for Typhoon to operate off the carriers and view that as a fall-back position?

Mr. Ingram: We are not yet at the stage of having to consider fall-back options or failure, but I take my hon. Friend's point that this is a very serious issue. I reiterate my earlier answer that we are determined to succeed—for all the reasons that my hon. Friend set out. Negotiations are at an early stage and we have very good relations with the US Administration. There are blockages elsewhere in the political processes of the United States and we all have to work earnestly to ensure that those blockages are removed. This will be an important part of our and, indeed, NATO's defence capability.

Mr. Michael Jack (Fylde) (Con): Subject to the point raised by my hon. Friend the Member for Reigate (Mr. Blunt) being resolved, does the Minister agree that his own Department's RAND Europe study made a compelling case for Britain to have a final assembly and check-out unit for the joint strike fighter, together with a maintenance and repair unit located here? Will he confirm that, in any further investigations that his Department is making, BAE Systems Warton would be one of the key locations examined in a feasibility study?

Mr. Ingram: One thing that can be said with a finger of certainty is that, whenever this matter is raised, the right hon. Gentleman pops up to speak about it. He is right that we commissioned the RAND study, which has pointed out what needs to be done to move the agenda forward in respect of establishing maintenance, repair and upgrade facilities in the UK. The review on how best to develop that is under way and we hope to conclude by September 2005. It would be wrong to be too predictive

about what will come out of it. No doubt when the subject comes up again, the right hon. Gentleman will be there pushing the case for BAE Systems.

Mr. James Arbuthnot (North-East Hampshire) (Con): Would the Minister describe the technology transfer relating to the joint strike fighter as disappointing?

Mr. Ingram: There are Government discussions about it, and I have already answered the question twice earlier. We are at an early stage in the discussions and I have expressed my views about some of the blockages, particularly the protectionist tendencies of some politicians in the US, but it sometimes applies to the UK as well. We all have to work earnestly to ensure that those who are putting pressure on the Administration understand the importance of ensuring that this platform is delivered on time so that we can maintain the facility and use it for our own needs, which will also help to support NATO objectives. These are big issues and it is not right to put on the record the type of comment that the right hon. Gentleman elicits.

Nuclear Deterrent

3. **Michael Gove** (Surrey Heath) (Con): When he intends to initiate discussions on the future of the British nuclear deterrent. [8653]

5. **Mr. Chris Mullin** (Sunderland, South) (Lab): When he expects a decision to be made on a new generation of nuclear weapons; and if he will make a statement. [8655]

The Secretary of State for Defence (John Reid): Decisions on any replacement of the United Kingdom's nuclear deterrent are likely to be necessary in the lifetime of the current Parliament, which will of course last some years. I have no doubt the issue will be raised whenever we discuss defence in this House.

Michael Gove: Can the Secretary of State assure me that he will no longer appease the hard-left sentiments of the unilateralist disarmers who are sadly so numerous on Labour's Back Benches? Will he end prevarication on this question and give us a firm commitment that the nuclear deterrent will be modernised urgently in the interests of the defence of this country?

John Reid: I can certainly say to the hon. Gentleman, who is relatively new to the House, that I have never appeased nor will I appease those who call, in today's circumstances, for unilateral nuclear disarmament, such as the former Conservative Secretary of State for Defence, Mr. Michael Portillo, who did so several weeks ago. Nor will the hon. Gentleman find me, unlike colleagues of his on the Front Bench, co-authoring articles in *The Guardian* with the Campaign for Nuclear Disarmament.

Mr. Mullin: All I am looking for is a little transparency. With respect to my right hon. Friend and, indeed, my right hon. Friend the Prime Minister, with whom I raised this subject the other day, official pronouncements on the subject so far have been remarkably vague. May we know when the decision has to be taken and, in due course, what the cost is likely to be and, perhaps, what the purpose of a new generation of nuclear weapons will be? Is my right hon. Friend in a position to assist with inquiries? If he is not, who is?

John Reid: As they would say in Glasgow, "Ah'm yer man" when it comes to assisting my hon. Friend. I have been pretty transparent. First, we pledged no longer than two months ago in our manifesto—to which my hon. Friend was as committed as I was, as far as I am aware—that we would retain the minimum nuclear deterrent, so that is our position. Secondly, the minimum nuclear deterrent that we have at the moment will last us between 10 and 20 years. Thirdly, as far as the situation beyond that is concerned, I have said to my hon. Friend that we have not started even considering, far less taking decisions on, the details of that. That is why I cannot give him costs for the various alternatives. That is as straight as I can make it. It also has the benefit of being honest, even though it may not satisfy my hon. Friend.

Adam Price (Carmarthen, East and Dinefwr) (PC): More than 50 years ago, a Tory Government made a unilateral announcement that the UK would no longer develop offensive biological and chemical weapons. Would not a similar announcement that there would be no successor to Trident make a positive contribution to the global process of eliminating those weapons of mass destruction?

John Reid: Well, we are talking about events 10 to 20 years away. Although the hon. Gentleman may think that making such decisions arbitrarily is a good method—

Pete Wishart (Perth and North Perthshire) (SNP) *indicated assent.*

John Reid: I see the hon. Gentleman nods, but at this very moment his party is discussing whether to join NATO, which would of course mean joining the nuclear club. What is sauce for the goose has to be sauce for the gander. The House should consider the matter carefully, rather than taking any arbitrary decisions. If the hon. Member for Carmarthen, East and Dinefwr (Adam Price) can tell us off the top of his head what the situation will be in 10 to 20 years' time, we would all greatly benefit from that.

Mr. Robin Cook (Livingston) (Lab): Can my right hon. Friend say whether, in the event that he intends not only to retain the deterrent but to replace it, he would expect the defence budget to be increased? If he does not expect that budget increase, would it not be entirely rational to decide that it might be wiser to husband his budget for the peacekeeping and stability missions that the British forces do so well and which, as I can testify, greatly enhance Britain's standing in the world?

John Reid: If my right hon. Friend will allow me, I would rather study the options and their implications before drawing conclusions from any of those options,

whether on the basis of cost or anything else. When we consider the dynamics of change over the last six years, we find, in terms of our nuclear deterrent, that on the one hand we have reduced to a single form of nuclear deterrence—the only nation to do so; we have abolished the WE177 freefall bomb, detargeted our missiles and reduced the number of warheads and the number of boats we have at sea. On the other hand, since then, we have discovered that North Korea, Pakistan, India and, formerly, Libya were in the process of developing programmes, and there may have been aims in Iraq, too. The situation is constantly fluid and it behoves all of us to give the matter serious and prolonged consideration rather than pre-empting or prejudging it, or making arbitrary decisions on something so important.

Dr. Julian Lewis (New Forest, East) (Con): As the co-author of the article to which the Secretary of State referred, may I advise him and the House that it is a sorry state of affairs when a former head of CND and a former leading opponent of CND have to get together to write such an article to try to persuade the Government to let the debate begin? Our key question to the Secretary of State is not will he keep Trident until the end of its useful life, but will he continue to possess nuclear weapons as long as other countries have them? When the people of Britain are asked, two thirds say yes, we should, and one quarter say no, we should not. Hardly anyone is undecided. Why is the Secretary of State undecided?

John Reid: I am decided and I have told the hon. Gentleman what I have decided. Unfortunately, I am in government and he is not—that is really the source of frustration. However, I am glad that he raised the matter, because when we consider what could possibly bring CND and Conservative Front Benchers together on defence—[HON. MEMBERS: "Debate."] It is not a matter of debate. We have debated it at every Question Time; every time we have a debate on defence we debate the issue, so it cannot be lack of debate that brought them together. The fact is that it has nothing to do with a serious decision about our strategic needs, whether nuclear or otherwise: it is simply that CND and Conservative Front Benchers want to discomfit the Government. Well, they can continue debating, but I am afraid they do not discomfit me in the least.

Mr. Gordon Prentice (Pendle) (Lab): Last Wednesday, the Prime Minister told my hon. Friend the Member for Sunderland, South (Mr. Mullin) that he wanted to listen to the views of the House. How will he discern those views? Will we just have open-ended debate, or will there be a vote at some stage where opinions can crystallise?

John Reid: The answer to the first question is that I discern those views by listening, although listening does not necessarily mean that I accept them; it depends on the rationale and logic of what is put to me. As regards debate, I find myself in the peculiar position where I am attacked from both sides of the House for not debating the issue and by my hon. Friend for endless debate on it.

Sudan

4. **Mr. Tobias Ellwood** (Bournemouth, East) (Con): If he will make a statement on British forces being deployed to Darfur. [8654]

The Secretary of State for Defence (John Reid): The UK continues to play a significant role in seeking to improve conditions in Darfur, through complementary NATO and EU aid to the African Union's observer mission.

Mr. Ellwood: I thank the Secretary of State for that reply, although he did not actually answer my question. After the Live 8 events, on which I am sure the whole House will congratulate Bob Geldof and his team, the world's attention is focused on Africa, nowhere more so than Sudan, where ethnic cleansing and genocide have led to thousands upon thousands of deaths. So, are the Government satisfied that sending a total of 17 soldiers and officers, 15 under a NATO flag and two under a rival EU flag, is really doing enough in what the UN described as the worst humanitarian crisis in the world at present?

John Reid: The hon. Gentleman is right that this matter is important. These are tragic circumstances, in which, perhaps, the response of the world community as a whole has been belated—as it has been in certain other cases. Having said that, if we are to contribute—however much and through whichever mechanism—I think the hon. Gentleman will accept, as do both the EU and NATO, that there must be a lead from the African Union, so we are responding to the request of the African Union. I leave aside the fact that currently our service personnel are in Northern Ireland, Bosnia, Kosovo, Sierra Leone, the Democratic Republic of the Congo, Iraq, Afghanistan and other places. We are actually responding to what the African Union wanted, which is logistical support.

Mr. David Drew (Stroud) (Lab/Co-op): Would my right hon. Friend care to give an opinion? He may not have seen last night's "Panorama" programme, which gave a further response to the tragedy in Darfur. It is clear that the AU is doing invaluable work—it is a real test for the AU—but what the AU needs more than anything on the ground is logistical support, which can only come from developed countries such as the UK. So I hear what he has to say, but will he go back and talk to his NATO colleagues and, indeed, those in the EU to find out what additional support can be brought to bear to ensure that the AU is as effective as possible on the ground?

John Reid: Absolutely. I do not think there is any difference of intent between my hon. Friend and me. Indeed, it was precisely at the request of the chair of the African Union to both the EU and NATO that I contributed to the discussions, in the EU on 23 May and NATO, I think, on 9 June. Both institutions have concentrated on heavy-lift capacity, which is supported by ourselves and many others in NATO and Europe, to take in the extra 7,000 soldiers who we hope will be supplied by the African Union. That is precisely what we

are doing. I am not saying that it is ever enough, but it is what was asked for by the African Union, which must, after all, take the lead in this matter.

Mr. Gregory Campbell (East Londonderry) (DUP): Given any possible international deployment of military personnel, will the right hon. Gentleman give the people of Northern Ireland the assurance that they require that the required military personnel and their bases will be there to deal with the very fluid situation in the coming months?

John Reid: Yes, I can give that assurance.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): As the hon. Member for Bournemouth, East (Mr. Ellwood) pointed out, the world's attention on the Make Poverty History campaign has put more focus on devastated, poverty and conflicted-ridden regions such as Darfur. We certainly believe that there should be more urgency in the international community's efforts to find a peaceful solution, but we welcome the Government's contributions so far. Will the Secretary of State confirm how much of the assistance pledged to the African Union by the Secretary of State for International Development in his written statement on 13 June has now been provided? Given the widespread fears about the scale of the crimes against humanity in Darfur, does he believe that the 7,700 troops committed by the African Union are sufficient for the task in hand? If the force is to be extended, will the United Kingdom and its NATO and EU partners be able to supplement the logistical and technical support offered so far?

John Reid: The answer to the first question is that I do not know how much of that assistance has been delivered at present. If I may, I will write to the hon. Gentleman. The answer to the second question—whether I think the troop numbers are sufficient—is that time will tell, but the number is what the African Union thinks is sufficient at present. The answer to the third question is that we will give whatever help we can. Although that has been diminished to 17 personnel—to paraphrase the hon. Member for Bournemouth, East (Mr. Ellwood)—the UK has, in fact, already provided significant logistical assistance, including approximately 600 vehicles, rapid deployment equipment, air-lift for Nigerian soldiers and technical military advice. On 13 June, we announced an increase in our contribution of £19 million, bringing our contribution to £32 million, on top of everything that the Department for International Development has given. So we have already made a significant contribution, and we will continue to do so, because the situation is tragic.

Mr. Andrew Robathan (Blaby) (Con): All hon. Members would agree that this is an horrific situation, which many of us have been pursuing for the past year. Will the Secretary of State explain the bizarre command and control arrangements in Darfur? Contrary to every existing military principle, is it the case that only an EU headquarters is being established because of French antipathy towards NATO and the United States? Does he believe that having two headquarters running one operation will contribute to a successful and efficient operation there?

John Reid: In fact, far from illustrating a dichotomy or contradiction between the two institutions, this has been perhaps the first major example of how the two institutions can work together. Although there have been no formal contacts, there have been informal ones and, indeed, informal meetings, and both the Secretary-General of NATO and the High Representative of the EU have worked very closely. That is to the benefit of the African Union and the people in the area itself, which is as it should be. We have never believed that the European Union security and defence policy and NATO should be contradictory and competitive. One of the principles that I made absolutely plain to both those institutions is that they should work in partnership, in complementing and dovetailing with each other, and they have done so on this occasion to a far greater extent than ever before.

Second World War

6. **Ms Emily Thornberry** (Islington, South and Finsbury) (Lab): What plans are in place to commemorate the role of women in the second world war. [8656]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): On 9 July, Her Majesty the Queen is unveiling a new memorial in Whitehall to all the women who served in the second world war, both in the armed forces and on the home front. I pay tribute to the work of Baroness Boothroyd and all those who have made a great effort to make this memorial a reality.

Ms Thornberry: Does my hon. Friend agree that women's contribution to the war effort was made in the way that women so often work, which is that we get on with the work quietly and let the men carry on and get the glory?

Mr. Touhig: The whole country appreciates and acknowledges the essential contribution made by women in the successful outcome of the second world war both at home and abroad. Without the hard work, courage and endurance of women working in armaments factories, at home and in the forces, we would not be commemorating the 60th anniversary of the end of the last war, a war that allowed us to remain a free people. We owe a great deal to the sacrifices of our forces and to the women of Britain who brought about that wonderful victory.

Mr. David Hamilton (Midlothian) (Lab): Will the Minister accept that there are many hundreds in the House who support the work of the unsung heroines throughout the war, and not just the ones who fought through the war but those who replaced the men to allow the men to go to war or, indeed, down the pits to work? After the women made their contributions, many were left to fend for themselves when their husbands did not come back again. Does my hon. Friend accept that there is great support in the House for this move?

Mr. Touhig: I consider that one of my priorities as the Minister responsible for veterans is to look across the whole orbit of matters relating to veterans and their families. I have met veterans organisations and will continue to do so in the coming weeks, but I have no doubt of the huge contribution made by the women to

whom my hon. Friend refers. Indeed, I opened an event in my constituency only last week and was told by a lady that her son had never known his father, who had been shot down in the last war. She had not heard of the veterans badge, but she was delighted to hear about it. She will now receive a veterans badge which, she says, is a small token and memorial to the sacrifice that her husband made and something that she can pass on to her son.

Miss Anne McIntosh (Vale of York) (Con): Will the Minister join me in paying tribute to those who worked in the intelligence services across Europe and to many of the unsung heroes who work for the land army across the country and particularly in the north of England?

Mr. Touhig: Both will be represented at the living memorial that His Royal Highness the Prince of Wales opens today in the presence of my right hon. Friend the Secretary of State for Defence. Indeed, when my right hon. Friend launched the information for veterans awareness week, a number of veterans appeared. One lady said that she did not quite know what the fuss was about and that she had only been a typist, to which my right hon. Friend replied that that was like saying that Churchill only made speeches. She made a huge contribution, and we value that.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): May I thank the Minister for his tribute to my predecessor Baroness Boothroyd, but bring his attention to another very distinguished West Bromwich-born lady, the late Madeleine Carroll, the famous film actress from the 1930s and 1940s who gave up her lucrative and glorious film career to work in French and Italian field hospitals during the second world war? After the war, she worked with UNESCO on helping the children who had been damaged and displaced as a result of the war. She has received tributes and recognition from the United States and French Governments, but not from this Government. Will my hon. Friend look at doing something about that?

Mr. Touhig: I certainly endorse my hon. Friend's comments. There is no doubt that, during the last war, women were employed in a range of activities that greatly underpinned our efforts and led to our success. I am not aware of the particular issue that he raises, but I will reflect on his comments and be in touch with him.

Territorial Army

7. **Mr. Andrew Turner** (Isle of Wight) (Con): If he will make a statement on the retention of local Territorial Army detachments. [8657]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): The Territorial Army is currently being rebalanced to align with changes to the regular Army under the future Army structures work. I do not anticipate that this will result in significant change to the existing TA establishment or estate.

Mr. Turner: I am grateful to the Minister for that reply, but does he accept that any national decline in recruitment to the Territorial Army is likely to threaten the future of local units, including that on the Isle of Wight? Given that double the Government's planned proportion of 25 per cent. of personnel are either deployed on, or recovering from, operations, what are the Government doing to counter the perception, which can lead to a decline in recruitment, that too great a share of the defence burden is currently being borne by the Territorial Army?

Mr. Touhig: I take note of the hon. Gentleman's point about the centre on the Isle of Wight. As I have said, discussions will take place about the future of such centres and I shall ensure that he is involved in discussions on that centre.

I pay tribute to the efforts of our reserve forces in all recent conflicts. They have made a considerable contribution and a huge difference. However, hon. Members on both sides of the House realise that reserve forces do and should play a key role, which is why we are investing in their training for the defence of Britain and to protect our interests throughout the world. I continue to encourage people to become active in the TA. It does an important job and we value its work, as I am sure does the country as a whole.

Keith Vaz (Leicester, East) (Lab): Will my hon. Friend join me in paying tribute to the three local detachments in Leicester and Leicestershire and the work that they do? Will he assure the House that if there are any reviews of the service, sufficient money will be ring-fenced for training?

Mr. Touhig: I am sure that my hon. Friend appreciates that the rebalancing of the Territorial Army will come to fruition later this year. It would not be right for me to comment at this stage on the possible outcomes of the rebalancing, but I certainly take his point on board and will ensure that it figures in any decision that we reach.

Peter Viggers (Gosport) (Con): Does the Minister agree that our reserve forces have always fulfilled two main roles? First, they provide reinforcement for our regular forces, which is being stressed by overuse. Secondly, and importantly, through having formed units, the Territorial Army and other reserves can provide the framework for the expansion of our armed forces. Does he accept that by weakening the Territorial Army and removing and reducing the number of formed units, he is weakening that role? Does he really feel confident that we will never again need to reinforce and expand our armed forces?

Mr. Touhig: The difference between this Government and the Conservative Government is that we are committed to reshaping the TA, ensuring that it meets the changing defence environment and making it more capable and effective. That contrasts with a 20,000 cut to numbers in the TA in the 10 years leading up to 1997. The Conservative party made that cut not for military reasons, but because its failed and disastrous economic policies led to cuts in the Ministry of Defence. This Government are totally committed to providing proper and adequate resources for our armed forces, and we will continue to do so. I say honestly to the hon. Gentleman that we need no lessons from his failed party in that respect.

Royal Air Force

8. **Mr. Mark Francois** (Rayleigh) (Con): If he will make a statement on the peacetime readiness levels of the RAF. [8658]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The Royal Air Force continues to meet its standing and contingent overseas operational and enduring home commitments, contributing forces to a number of theatres around the world, including the Gulf, Northern Ireland, the south Atlantic, Afghanistan and the Balkans. A combination of these ongoing commitments, equipment modifications and maintenance programmes has had a minor impact on planned peacetime readiness levels. Work is continuing to address these issues to ensure that the RAF continues to be ready to meet the challenges of today and tomorrow.

Mr. Francois: I thank the Minister for that reply, but he will be aware that the Ministry of Defence has recently cut back fast-jet pilots' flying hours again to just 16.5 a month. Is there not a real danger that if Ministers keep salami-slicing the fast-jet training budget in this way, the readiness of our fast-jet pilots will become seriously degraded over time?

Mr. Ingram: If that were the case, the answer would be yes, but it is not. We intend to increase the hours next year.

Mr. Gerald Howarth (Aldershot) (Con): The Minister will be aware that the Red Arrows, whom I had the privilege of visiting earlier this year while they were training, train six times a day to achieve the superb level of display flying that we are proud to witness—indeed, I think he witnessed it over the streets of London this morning. By contrast, as my hon. Friend the Member for Rayleigh (Mr. Francois) said, fast-jet pilots, on whom we depend for air superiority and supporting ground troops, have had their hours cut again to 16.5. Is the Minister aware that yesterday I talked to Chinook pilots, who said that their hours have been cut to 15 a month, and that is when they have enough spares to get the aircraft in the air? Is it not the truth that the recent National Audit Office report was right and that the Government risk gambling with the lives of our front-line pilots, whose essential combat skills can only be honed by adequate training in the air?

Mr. Ingram: I think the hon. Gentleman had written down his question before he heard my earlier answer. We obviously have to plan against a range of priorities, and to strike a balance. There is sensitivity about the level of cut. That is always under consideration, which is why we plan to increase the hours next year.

The hon. Gentleman referred to the NAO report, which also said:

"the Royal Air Force had recuperated sufficiently by the summer of 2004 to be able to undertake a further medium scale operation and plans to be ready to undertake a large scale operation, if required, by the end of 2006."

He should read the report in its entirety, and not just be selective in what he quotes.

Iraq (Reconstruction)

9. **Ann Clwyd** (Cynon Valley) (Lab): What contribution UK armed forces have made to the reconstruction effort in Iraq. [8659]

15. **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): What assessment he has made of the contribution of UK armed forces to the development of democratic and sustainable political structures in Iraq. [8665]

The Secretary of State for Defence (John Reid): I am sure the whole House will wish to express our condolences to the family of Signaller Paul Didsbury of 21 Signals Regiment, who tragically died on duty in Iraq on 29 June.

British forces are in Iraq at the request of the Iraqi Government as part of the multinational effort to help the Iraqi people achieve stability, democracy and prosperity. Our role is to support the Iraqi Government through providing security. This protects the development of democratic government and institutions and physical reconstruction.

Ann Clwyd: As a frequent visitor to Iraq, I pay tribute to the humanitarian effort of the British military, including the Royal Regiment of Wales, in which some of my constituents serve, in rebuilding schools and hospitals and constructing water supplies. The Iraqi people give the same message every time I go there, which is to ask us to stay the course.

John Reid: I give double thanks to my hon. Friend for that. First, I congratulate her on, and thank her for, her personal commitment and contribution to Iraq over many years. Secondly, by remarking on the role that our servicemen and women have played in the reconstruction of Iraq—as they have, in many details—alongside building up the Iraqi security forces and alongside counter-terrorism, she pays the type of compliment that is constantly paid to our troops in Iraq itself, where they receive great gratitude. It is a pity, and in some ways a tragedy, as they remarked to me when I visited them, that they do not receive the same gratitude and praise in some of our media at home.

Mrs. Hodgson: Will my right hon. Friend provide more information on how UK forces are improving the capacity of the Iraqi security forces to defend human rights, which is vital to Iraqis democratising their country after decades of fascism, and allowing grass-roots organisations, such as women's groups and trade unions, to play their full role?

John Reid: My hon. Friend is right. Our forces are contributing to that in two ways. First, they are contributing towards the training of Iraqi security forces. They also make it plain that, like any other democratic sovereign nation, the Iraqis must take responsibility for the conduct of their security forces. That is why when anything goes wrong, or allegations are made about the misuse of such power, we raise that idea constantly. Secondly, by helping to provide 170,000 trained Iraqi security forces, which for the first time is a greater number than the multinational forces in

Iraq, they provide the security framework within which the democratic institutions of Iraq can function. That is happening slowly but steadily. There have been improvements in both security and politics in Iraq. It is not because the Iraqis themselves are not succeeding that furious and frantic terrorist attacks and the murder of innocent civilians have taken place. They have occurred precisely because the Iraqis, with our support, are succeeding in taking democratic control of their own country.

Mark Pritchard (The Wrekin) (Con): Will the Secretary of State join me in paying tribute to the brave work of the Special Air Service? Can he tell the House what the Ministry of Defence is doing to stop the haemorrhaging of those excellent soldiers to private security companies?

John Reid: First, I join the hon. Gentleman in offering plaudits to the SAS and, indeed, all the special forces. Far from our special forces contracting, those who give them associated support and the special forces themselves are in the process of expanding. I may have more to say about that at a future date.

Harry Cohen (Leyton and Wanstead) (Lab): The British health charity Medact said in a report six months ago that the war and the ensuing insurgency created

"the conditions for further health decline".

Significantly, it went on to say:

"The worst affected appear to be some 150,000 people in the south of Iraq, including Marsh Arabs".

Services in that region are described as "rudimentary" or "completely lacking". That is our area of control, so why have British forces not done enough or focused on the problem to win over hearts and minds?

John Reid: If my hon. Friend wishes to give me details of those allegations, I will look at them. However, our forces have a worldwide reputation for handling very difficult situations, particularly in areas such as Multi-National Division (South-East) in such a way as to win over hearts and minds. All my experience shows me that, notwithstanding the difficulties of operating in a theatre of strategic importance to international terrorists—that is why they do not want it to succeed—our troops are doing a marvellous job there.

Mr. Michael Ancram (Devizes) (Con): May, I, too pay tribute to Paul Didsbury? May I also pay tribute to our troops in Iraq for their enormous contribution, which I have seen, to reconstruction in south-east Iraq? However, is not security the key to reconstruction, and have not our forces played a central role in providing the security without which reconstruction would not have been possible? Can the Secretary of State tell the House how many of the newly trained Iraqi battalions would be capable today of operating independently and taking over responsibility for security and reconstruction in Iraq?

John Reid: First, I thank the right hon. and learned Gentleman, a great supporter of our forces, for his sincere and well-meant plaudits. Secondly, approximately 170,000 Iraqi security forces—about 5,000 to 10,000 more than was the case last time we had Defence questions—are now sufficiently trained gradually to take the lead in counter-terrorism. That will not be done overnight, but it is important that the House distinguishes between two propositions. First, as was made plain by Secretary Rumsfeld recently—I have discussed this matter with him—it may be a considerable time before terrorism is defeated in Iraq. Secondly, it may be a much shorter time before the Iraqis themselves can take the lead in combating that terrorism. The time scale that Mr. Rumsfeld envisaged is not necessarily the time scale during which our troops would have to be in Iraq, and I look forward in the next year to the Iraqis beginning to take over the lead role in counter-terrorism in some of the 18 provinces of Iraq.

Mr. Ancram: We often speak—rightly—about staying there until the job is done. Could the Secretary of State define more precisely on what basis the judgment will be made as to when the job is done? Is he talking about the job in the whole of Iraq or just in our area of MND (South-East)? If it is the latter, does that mean that once the job in our area is done, whatever is happening elsewhere in Iraq, our troops can come home?

John Reid: The right hon. and learned Gentleman asks an important question. May I explain the context? There are 18 provinces in Iraq. Despite the fact that we hear constantly about widespread terrorism, more than half those terrorist attacks are taking place in four provinces. There are another two provinces in which some attacks take place. By and large, about 12 of the provinces are relatively free of terrorist attacks. As the Iraqi forces become trained to take the lead, it is possible, over a period of time, to hand the lead role to Iraqi forces in certain areas of the country and gradually, we hope, over the whole country. For a period in all these areas they will require some support and back-up from the Multi-National Division. If that day comes in our area, we have not decided on and do not have any plans for operating outside MND (South-East), but it is impossible to make those decisions before we get to that stage.

The other point—at the risk of going on too long, Mr. Speaker—is that we hope that that security development will be simultaneous with the development of political democratic control through the constitution, then the referendum, a new election and a fully democratic Government by the end of this year.

Afghanistan/Iraq

10. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of the security situation in Afghanistan. [8660]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Right hon. and hon. Members will be aware of the recent tragic loss of life resulting from the loss of a US helicopter last week. I am sure the House joins me in extending our sympathies to the servicemen's loved ones.

Overall, the security situation in Afghanistan is stable. The United Kingdom and our international partners in both the coalition and the NATO-led international security assistance force continue to support the Government of Afghanistan in building a safe and prosperous country.

David Taylor: The loss of the Chinook helicopter last Tuesday was a major tragedy and evidence of a deteriorating situation made worse by a dangerous mix of foreign insurgents, tribal warlords and weak Afghan institutions. Does my right hon. Friend agree that the US-led war on terror is in danger of being derailed by these events? Have the military strategic planners at Northolt made emergency proposals to send thousands of British troops to Afghanistan in order to head off a bloodbath in the run-up to the elections planned for later this year?

Mr. Ingram: I do not wholly accept my hon. Friend's analysis. I do not believe the situation is deteriorating. Incidents can occur because contact has been made with people who are being pursued because they are intent on making the situation worse. We should recognise the bravery of the US troops on the front line and other troops in Afghanistan who are taking the situation on. I also do not believe that the war on terror, as it is described, is in danger of being derailed by these events. The presidential elections were highly successful; we must ensure that the general election is equally successful. NATO is currently planning to strengthen the presence there to ensure that that happens. We have no plans to send thousands of our own personnel, although we are considering what the future position should be as of next year. The headquarters of the Allied Rapid Reaction Corps is going there, which will be an important element in strengthening capabilities in Afghanistan. What taskforce goes about that is subject to considerable planning, and we will make an announcement to the House once that is mature.

Tony Baldry (Banbury) (Con): Is there not a growing conundrum for British forces in both Afghanistan and Iraq, in that non-governmental organisations and international agencies look to them for their security and safety, yet simultaneously are concerned about being identified with British forces lest they be seen as part of the occupying forces generally? How do the Minister, the Secretary of State and the Ministry of Defence propose to reconcile what will become an increasingly difficult conundrum in both Afghanistan and Iraq?

Mr. Ingram: There is no easy answer to that. It does not matter where peacemaking/peacekeeping is taking place. The moment the non-governmental organisations are closely engaged with enhancing the stabilisation of any country, in terms of reconstruction or whatever else, there must be a measure of guarantee for them, but they do take risks. Tragically, lives have been lost among NGOs and civilians, and we pay tribute to them. They are brave people. There is no simple solution. Overall we must ensure as best we can that the environment within which they work is stable and that, in the case of Afghanistan, the Afghan national army has primacy and there is a civil power to build the normal trappings of a state so that those who commit wrongdoings are brought to justice, as well as tackled militarily, if need be, to create an overall stable environment. I pay tribute to all those who seek to create the new conditions for which the Afghan people so earnestly wish. They do a tremendous job and I think that they will do more in the years ahead.

Mr. Kevan Jones (North Durham) (Lab): Will my right hon. Friend commend the work of the British provincial reconstruction team at Mazar-e-Sharif and also the work of the other PRTs throughout Afghanistan, which are working hard to bring not only security but development to areas outside Kabul? Will he give a commitment to the work of the British PRT? Are there any plans to extend other PRTs throughout Afghanistan to bring the stability that is needed, particularly in the south?

Mr. Ingram: I share the compliments that have been paid by my hon. Friend to the PRTs. I visited the PRTs, and I think he did so as well, in Mazar-e-Sharif. I understand that those deployed by the Americans, the Germans and others have also been successful. It is a successful model. As we move from the north to the west—that development is now making good progress—and progressively into the south, we must consider the benefits that can be gained from the establishment of a PRT. That is being examined. Valuable lessons have been learned. I pay tribute to all the hard work that is taking place.

11. **Mr. Edward Leigh** (Gainsborough) (Con): How many service personnel are deployed in Iraq and Afghanistan; and what the future plans are for British troops in Iraq and Afghanistan. [8661]

The Secretary of State for Defence (John Reid): There are currently around 8,500 service personnel deployed in Iraq and about 1,000 deployed in Afghanistan. We keep the deployment of our armed forces to both Iraq and Afghanistan under constant review.

Mr. Leigh: If we are to continue to keep large numbers of troops deployed in Iraq, what guarantees can the Secretary of State give on their state of readiness in the light of the National Audit Office report, published a fortnight ago—this was a central part of the report and it is not a selective quotation—that almost 40 per cent. of all our armed forces suffer from severe and even "critical weakness" in their readiness? Is this not a vital matter that the right hon. Gentleman has to address? There is no point in committing these troops if there is not sufficient back-up to ensure their state of readiness.

John Reid: Our forces in Iraq are at a high state of readiness. As for our other forces, in Afghanistan, Bosnia, Kosovo and the other areas to which I have referred, I think that that stage and level of deployability of our forces in action is recognised, and that it is not possible to keep every member of our forces at the highest state of readiness. There will be a percentage

who are at less than the highest state of readiness. I do not believe that the NAO said that 40 per cent. of our forces were at a serious and "critical" level. It stated:

"The Department has an increasingly good understanding of the risks to readiness and good plans in place to mitigate them."

We should take a balanced view because the report was based on the NAO's self-critical analysis of the state of readiness, to which we have had regard to help us to plan and overcome any deficiencies.

Army (Manpower)

16. **Mr. Julian Brazier** (Canterbury) (Con): What the trained strength of the *(a)* regular and *(b)* Territorial Army is. [8666]

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): As at 1 May 2005, the whole trained strength of the regular Army was 102,260. The trained strength of the Territorial Army is 25,900; that includes 1,430 mobilised TA and 1,080 non-regular permanent staff.

Mr. Brazier: That figure for the Territorial Army represents yet another fall. While Territorials greatly welcome the opportunity to support their regular counterparts, does the Minister accept that the Territorial Army is now grossly overstretched? Does he further accept, in relation to the review that he mentioned in answer to a previous question, that it is essential to address the size of the establishments of the individual units, particularly in the infantry? A company of 100 men is simply not enough to develop recruits within the establishment, to send people abroad as part of the deployment, and still to have a critical mass left to do the essential training that the hon. Member for Leicester, East (Keith Vaz) mentioned earlier.

Mr. Touhig: I know of the hon. Gentleman's deep interest in these matters and take on board the point that he makes. However, let me say to him that whatever size the TA arrives at, and whatever tasks it is assigned, it needs to be relevant, usable and above all fully integrated into the Army's readiness cycle. That is the view of the hon. Member for Mid-Sussex (Mr. Soames), and I concur with it.

Points of Order

3.30 pm

Kate Hoey (Vauxhall) (Lab): On a point of order, Mr. Speaker. Would it be in order to ask whether you have had any communication from the Home Secretary about coming to this House to give a statement on the increasingly worrying situation of the 90 hunger strikers from Zimbabwe, and particularly the case of Timbha Mqhubeli, who has now been on hunger strike for one month? This is a very serious situation. Have you heard anything from the Home Secretary?

Mr. Speaker: It is not a matter for me.

Alistair Burt (North-East Bedfordshire) (Con): Further to that point of order, Mr. Speaker. Yesterday, I visited Yarl's Wood detention centre in my constituency and met several of those who are currently refusing food. They are extremely distressed at reports of the situation in Zimbabwe, and their concerns about what might happen to them on their return appear to be vindicated by a story in this morning's edition of *The Times*. Have you received any communication from the Foreign Office to the effect that the Foreign Secretary wishes to address the House on whether the situation is safe for detainees to be deported there?

Mr. Speaker: I can tell the hon. Gentleman and the hon. Member for Vauxhall (Kate Hoey) that when Ministers wish to make a statement, they inform me, and they have not informed me today. Had it been the case, we would have heard from Ministers today. If hon. Members, including Back Benchers, feel that matters are so urgent and of such deep concern, there is nothing to stop them putting in a request for an Urgent Question. That does not mean to say that I would grant it, but it is a facility that I can use. However, Back Benchers have not done that.

Opposition Day

[4TH ALLOTTED DAY]

Local Taxation

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

3.32 pm

Mrs. Caroline Spelman (Meriden) (Con): I beg to move,

That this House notes with concern the increasing burden of local taxation; awaits the outcome of the Lyons Inquiry but rejects the proposals for a local income tax; asserts that a local income tax would entail higher taxation on hard-working families and crippling compliance costs on local businesses and would undermine the incentive to work; believes that council tax must be reformed, with the introduction of an automatic discount for pensioners and other measures, but rejects proposals to move from a local services tax based on fixed property bands to a wealth tax; calls on the Government to reject the Mayor of London's proposals for a regional income tax in London and to cancel its plans for a council tax revaluation and higher bands in England, which would be a further stealth tax, particularly on those living on fixed incomes.

We sought this debate on local government taxation because the subject of council tax and local government finance was notable by its absence from the post-general election Queen's Speech, although it is anticipated that the Government will take measures to reform local government finance in this Parliament. We seem to have been waiting interminably for the outcome of the Government's review of local government finance, and while the issue of council tax burns the Government continue to fiddle—in this case, the figures.

It is the moment when people write their cheques for the council tax that they associate most directly with the role of local government. However, that is an increasingly misguided association, because since 1997 the Government have riven apart the connection between council tax and the provision of local services. It is certainly not the case that the cost of local services is met by local taxpayers; now, local taxpayers merely top up the Chancellor's coffers. From the Chancellor's point of view it makes perfect sense: by turning local authorities into tax collectors, he hopes to escape the blame for a whopping 76 per cent. increase in council tax.

However, the electorate are increasingly sophisticated. According to MORI, 78 per cent. of the population blame national Government for council tax increases—and they are right. Furthermore, they know that the figures are being fiddled. The Government have systematically engineered the redirection of central funding from efficient Conservative-run councils to inefficient Labour-run councils.

At the same time, the Government have set about loading unfunded cost burdens on local authorities and transferring costs and duties from national Government to local government. I call that stealth taxation by statute. The net effect is that receipts to the Treasury from council tax have increased by more than £9 billion since 1997. Without doubt, council tax has been used as the ultimate stealth tax. While pensioners protest on the streets, the Chancellor is coining it.

Mr. Mark Prisk (Hertford and Stortford) (Con): I am sorry to interrupt my hon. Friend's flow, but is she aware of the deep anger not only in my constituency but throughout Hertfordshire, where pensioners are finding that their council tax bills have nearly doubled under the Government? Does she share their concern?

Mrs. Spelman: I share that concern and feel it deeply. We all read the headlines about people being threatened with prison for not paying their council tax. We are all lobbied by organisations that call for the abolition of council tax and we all witness the growing disregard for local government among voters.

Instead of trying to arrest the drift, the Government are moving in the wrong direction and hastening it. The warning signs are so clear and the symptoms are so obvious that ratcheting up council tax must be part of a broader plan. How else can we explain the forthcoming revaluation, which is hanging like a sword of Damocles over people's heads? Despite claims that it will be revenue neutral, the revaluation shows every sign of punishing people simply because the value of their property has appreciated.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): Is it Conservative party policy that there should be no revaluation? If so, how is leaving the level at that of 1991 compatible with a system that is based on property values?

Mrs. Spelman: I am sure that the right hon. Gentleman's colleagues are sorry to lose him, with his expertise and knowledge, from the Front Bench. However, he knows as well as I do that the point of revaluation should be to address growing disparities in property prices when they arise. Those disparities are narrowing.

Let us consider the Welsh revaluation experience. Four times as many homes moved up a band as went down. The revaluation, which the Government solemnly promised would be revenue neutral, was used to jack up council tax bills by 10 per cent. in the first year alone.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does the hon. Lady accept that, when the Conservative Government introduced the council tax, revaluation in general was part of the principle? Why has she decided to depart from her Government's revaluation policy and invent a spurious new version of revaluation, which appears to have no possibility of working in the real world?

Mrs. Spelman: The hon. Gentleman may want to discuss extensively the history of my party's introduction of the council tax. However, if he gets the chance to make that speech, he should deal with the fact that the revaluation measure was not part of the council tax when the Conservatives introduced it. The Labour Government's legislation introduced the revaluation.

On the basis of the Welsh experience, council tax payers in England have every reason to fear revaluation. Even worse, it transpires that, unlike in Wales, the Government will not fund transitional relief when homes in England are revalued. I wonder who will end up footing the bill for transitional relief. I received a parliamentary answer last week, and yet again it transpires that council tax payers will foot the bill—the same council tax payers who will have an army of clipboard inspectors descending on their homes and listing any improvements so that they can be taxed on them. Perhaps there is scope for a new generation of home makeover shows, in which Carol Smillie and workmen dismantle home improvements to help people reduce their council tax. It could be the window tax of the 21st century. We could end up explaining to our grandchildren why extra bedrooms and bathrooms had to be mothballed to avoid tax.

As if revaluation were not bad enough, the Government are keen to introduce new, higher tax bands. The inevitable consequence is higher council tax bills.

It so happens that I was in Cheadle this morning. That is precisely the kind of prosperous area that will be hit be the revaluation. If the Welsh experience is repeated there, the average home will go up by two council tax bands, adding more than £500 to the average bill. There is also every sign that the imposition of cost burdens from the centre will continue to rain down on local authorities, forcing up costs and driving up council tax bills. There is no better example of that than the case of identity cards. On 8 June, the Minister of Communities and Local Government stood at the Dispatch Box and refused to rule out local authorities having to pick up the bill for administering that invidious scheme.

Mr. Andrew Turner (Isle of Wight) (Con): My hon. Friend mentioned her visit to Cheadle this morning. Would it be in order for me to ask her whether she knows which way the Liberal Democrats voted on council tax rebanding and revaluation?

Mrs. Spelman: My hon. Friend will not be surprised to learn that I can provide the answer to that question in glorious detail. On 10 March, 17 July and 10 September 2003, the Liberal Democrats voted with the Government to introduce rebanding and revaluation.

Sarah Teather (Brent, East) (LD): Will the hon. Lady give way?

Mrs. Spelman: The hon. Lady will have her chance to speak. At the moment, I am addressing my remarks to the Government.

In tandem with what the Government are doing, they are also stripping away services that were previously centrally funded. Community and neighbourhood wardens are a case in point. In the light of that, I must return to one central question: why are the Government determined to drive up the council tax? Why are they manipulating the funding formulas and pushing ahead with the ugly twin sisters of revaluation and rebanding? Is it because the cost of providing local services has gone up disproportionately? Is it because people are using a lot more locally provided services? Is it because town halls across the country need to amass funds? No, it is because the Government are systematically turning council tax into a proxy for central taxation in order to fill the Chancellor's economic black hole.

David T.C. Davies (Monmouth) (Con): Has my hon. Friend noticed that there is not one single Labour Member of Parliament in the Chamber today? Does she agree that that might be because they are thoroughly ashamed of the way in which the Labour Administration in the Welsh Assembly told people that there would be winners and losers under this system, when in fact one in three people have seen their council tax go up while money has been squandered by the Labour-run Welsh Assembly?

Mr. Graham Allen (Nottingham, North) (Lab): On a point of order, Mr. Speaker. In order to be courteous to the hon. Gentleman, would it be in order for me to pass my spectacles over to him, so that he can see the Labour Members who are present today?

Mrs. Spelman: My hon. Friend the Member for Monmouth (David T.C. Davies) has excellent eyesight, Mr. Speaker, and he has made the very astute observation that there are no Welsh Labour Members in the Chamber today. I wonder why that might be—*[Interruption.]* I see that the hon. Member for Cardiff, West (Kevin Brennan) has taken his place—just in time!

Some Labour Members might welcome council tax inflation as a means of wealth redistribution. The last time we debated this matter, I detected a real enthusiasm among them for new upper council tax bands. But council tax is not a wealth tax; it is a local services tax that is partly based on property to reflect the fact that larger properties typically make slightly greater use of public services. The swingeing increases that we are now seeing have hurt some of the poorest people, and that is what is so unjust. People on fixed incomes, notably pensioners, suffer more than others as a result of the Government's abuse of the council tax.

Michael Jabez Foster (Hastings and Rye) (Lab): The hon. Lady is quite right: the system is tough on those on fixed incomes. But how would that be helped by the policy proposed by the Conservatives—at least at the last election—to freeze Government support to local government, which would push council taxes up even further?

Mrs. Spelman: The hon. Gentleman fundamentally misunderstood our policy at the last election, and I cannot believe that he is suffering either shortness of sight or deafness. We campaigned at the last election on giving a 50 per cent. discount on council tax to over-65s, which was fully funded and costed.

The Government will counter that with talk of council tax discounts, but the truth is that take-up of those discounts is abysmally low. There are several reasons for that: the length and complexity of the paperwork is daunting; the questions are demeaning, particularly for pensioners; and let us face it, the present scandal surrounding the tax credit system could hardly be a greater deterrent to would-be claimants. Soaring council tax bills not only present problems for people in terms of meeting the cost; a series of contingent problems arise from the way in which the system has been abused. It is a perverse system, which penalises efficient councils by giving them a relatively small central Government grant, forcing them to put up council tax. Council tax duly goes up, and the Government hit that authority with a capping order. That is a crazy way to proceed—it is the fiscal equivalent of splat the rat.

Mr. Brian Binley (Northampton, South) (Con): Is my hon. Friend aware that the rumour in local government circles, emanating from the Local Government Association, I think, is that this year an increase of 1.7 per cent. in the revenue support grant is being planned, with the exception of education, for which it is said that an increase of 4 per cent. is being planned? Does she consider that that will extend the concept of stealth tax?

Mrs. Spelman: My hon. Friend is right to point to a pattern that we have seen before. After the general election of 2001, the pattern was of council tax rising steeply as the Government recovered their financial position. Once again, after the 2005 election, we fear the worst. Not only is the process flawed and costly but it puts local authorities in the position of having to cut services on which local people often rely. Typically, those tend to be the sorts of services used by some of the most vulnerable in our society.

As the situation stands, everyone except the Chancellor loses out. I sincerely hope that he had a pang of guilt when he offered a one-off £200 payment to pensioners for this election year only. The Conservative party proposed a 50 per cent. discount for over-65s, year on year, properly costed and fully funded.

Sarah Teather: The hon. Lady has made several elusive suggestions that she might reform council tax, but has not provided any options for its reform. In fact, she seems very much in favour of keeping it exactly as it is, and probably making it a good deal worse. Would she like to explain?

Mrs. Spelman: I am about to come on to the Liberal Democrats. A great deal can be said on the subject, but I was hoping that the hon. Lady might use her intervention to tackle the question of her party's stance—voting three times with the Government for rebanding and revaluation, which we opposed.

Sarah Teather: Will the hon. Lady give way?

Mrs. Spelman: No, the hon. Lady has an opportunity to reply, and I have a series of questions that I want to ask about Liberal Democrat policy. She might wish to cover those points when she makes her speech.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Will my hon. Friend give way?

Mrs. Spelman: I would like to make a little progress.

The Liberal Democrats voted in favour of revaluation and rebanding, despite telling people on the doorsteps that they were opposed to both. There is nothing like saying that one is a principled party of opposition—because, let's us face it, such actions are nothing like those of a principled party of opposition. As for the local income tax plan, it was certainly interesting, not least because of the rancour that it has created within the

[Mrs. Spelman]

Liberal Democrats. As the Liberal Democrats' president, the hon. Member for North Southwark and Bermondsey (Simon Hughes), said:

"I don't think in the end it worked well".

What local income tax has in its favour is that it is easy to market, but it is often the case that the devil is in the detail. The campaign pitch is simple enough—the amount of tax that one pays locally is determined by one's level of income. But I think the Liberal Democrats should be had up by the Advertising Standards Authority for their slogan, "Axe the Tax". The Liberal Democrat Treasury spokesman—the hon. Member for Twickenham (Dr. Cable)—himself admitted that two full-time earners in a house would pay more tax, and said that the tax would bite when a combined salary was between £30,000 and £40,000 a year. A pensioner with savings or investments would be taxed on them, so it is rather disingenuous to suggest, as the Liberal Democrats have, that local income tax is a panacea for pensioners. It certainly is not.

Daniel Kawczynski: The biggest pressure on councils such as Shrewsbury is caused by the Labour Government's targets for affordable housing. The council must provide 500 affordable housing units in the foreseeable future. Yet in 2003, the Government took away Shrewsbury's local authority social housing grant. That has placed a tremendous financial burden on my council, which must provide for a target set by the Government.

Mrs. Spelman: That is a very good point, which illustrates what I was trying to say. The Government, in a sense, set up well-run councils to fail through their system of targets and fiddle-funding of the central grant.

The local income tax would also ratchet up bills for hard-working families, especially those with dual incomes. A typical working family in England would pay an extra £692 a year, an increase of two thirds. Not only would the tax apply to people who have hitherto been exempt from council tax; students with part-time jobs are a particularly striking example of people who could ill afford being heavily taxed under the Liberal Democrats.

Simon Hughes (North Southwark and Bermondsey) (LD): So that the hon. Lady does not keep repeating things that are not true, I should tell her that every member of our party stood on the basis of abolishing the council tax and agreed with that, and every member of our party stood on the basis of replacing it with a local income tax, and agreed with that as well. Yes, there were criticisms of some of the presentation—I criticised it myself—but the substance is clear. The policy of the hon. Lady's party is "Council tax: we want to keep it". We had a clear alternative, although we can argue about whether it was right. The hon. Lady never had one.

Mrs. Spelman: I am not sure that the hon. Gentleman's intervention has really helped his party. He does not deny that his policy has not worked very well. The local income tax would not be a win-win; it would be a win-lose. Pensioners with savings would lose out, hard-working families would lose out and young people, typically sharing accommodation, would certainly lose out. As for the councils that would have to administer the tax, their ability to plan would be hampered in the medium term because revenue derived from income is by nature less predictable than revenue derived from house values.

Councils would also become slaves to Whitehall funding. The tax would necessitate more equalisation. A local income tax offers limited redistribution of the tax burden, but disregards the feelings of many pensioners who instinctively dislike the idea of their tax liability being transferred to their children and grandchildren. As I said earlier, pensioners are proud people and are prepared to pay their way. It stands to reason that they would be distinctly uneasy about their families picking up the bill for them. Let us take a practical example. A typical working family in Cheadle would see their average tax bill rocket by over £1,000 under the Liberal Democrats' income tax.

Dr. Whitehead: Perhaps the hon. Lady could explain how the Conservative proposals in the motion to give pensioners a permanent rebate on their council tax—which would presumably have to be replaced by central taxation to provide a Government grant—differs fundamentally from the Liberal Democrat proposals as she has described them.

Mrs. Spelman: The hon. Gentleman misses the point, in terms of what his Government have done to pensioners by abusing the council tax. One third of the increase in the basic state pension has been snatched back because they are having to pay council taxes that have been increased by more than the rate of inflation.

Sir John Butterfill (Bournemouth, West) (Con): Before we leave the question of revaluation, which was supported so avidly by the Liberal Democrats, may I ask whether my hon. Friend agrees that it would be absolutely wrong if it led to areas with large increases in property values being at a disadvantage in comparison with areas with smaller increases? Services would cost approximately the same, but areas with higher property values would receive less money from the Government.

Mrs. Spelman: I thank my hon. Friend for that intervention. He accurately points out that such a measure is redistributive. It is very attractive to a party that calls itself new Labour, but which is at its heart still socialist. I understand where it is coming from.

Permit me to give an overview of the impact of local income tax on a typical community. A pensioner with savings and investments would be taxed. A young person who is sharing a flat or in part-time work as a student would be taxed. A young family with a dual income and a mortgage, trying to make their way, would be taxed to the hilt. On top of all that, a local income tax would co-exist with a whole raft of other taxes, including regional income taxes to fund the network of unelected and undemocratic regional assemblies that have leached power away from local communities.

Presumably the Liberal Democrats support London Mayor Ken Livingstone in his quest to introduce a London-wide regional income tax. As the Association

of London Government has recently observed, this could mean up to 6 per cent. on the basic rate of income tax for Londoners.

Alison Seabeck (Plymouth, Devonport) (Lab): The hon. Lady says that she is opposed to rebanding, to revaluation, to local income tax and to the Lyons review. She says that she would give £500—or was it £50?—to all pensioners, be they Margaret Thatcher or my granny, who was pretty poor. What about the other groups about which she has been talking? What are the measures that she is going to promote?

Mrs. Spelman: Before making an intervention that is an attack on my party's policy, the hon. Lady should acquaint herself with its detail. In addressing her very real concerns, I remind her that the sum in question is not £50. We are talking about a 50 per cent. increase, which is a significant increase, as I am glad she acknowledges. I further remind her that the figure is capped at a maximum of £500 in order to address the very point she makes. So we did take into account those two important details.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Earlier, the hon. Lady kindly offered to give away some glasses. Perhaps she might repeat that offer, because if she looks at the small print of her party's proposal, for which one might well need glasses, she will see that—unlike the Chancellor's offer, which will help 19 out of 20 pensioners—it would help only one in four pensioners.

Mrs. Spelman: The underlying point is that our proposals would help more than 5 million pensioners. Moreover, it is a year-on-year payment, not this one-off payment of £200. Under such a proposal, what happens the following year? How does the hon. Lady think pensioners felt about that proposal during the election?

Perhaps the Liberal Democrats should listen to the words of Andy Mayer, director of their think-tank, Liberal Future. He said that

"we're not convinced that the association of income tax with fairness is correct".

My frustration with local income tax is that it purports to be the cure-all that it patently is not. Many Liberal Democrats know it and have admitted as much; as the proposal comes under greater scrutiny, the voters will also come to know it. It is a distraction from the important question of how we can make local taxation fairer to everyone. By persisting with local income tax—that said, I understand that its future as party policy is in some doubt—the Liberal Democrats are effectively ruling themselves out of this fundamental debate.

Paul Rowen (Rochdale) (LD) *rose—*

Mrs. Spelman: All this is taking place against a backdrop of uncertainty as we await the outcome of the Lyons review—a review commissioned to assess the previous review of local government finance. But the fact is that this Government have hidden behind reviews, sympathetic words and one-off pre-election handouts, instead of grasping the nettle and addressing the fairness issue that bedevils the current situation. I think that I am safe in presuming that we are some time away from another general election, so this is the time when—away from the heat of battle—we can really engage with the problems of local taxation and restore a genuine link between local taxation and local services.

Several hon. Members *rose—*

Mrs. Spelman: That is critical. We need to abort the process of subordinating local government and reinvigorate local democracy instead because the alternative is to foster more resentment and more economic hardship: we will then have witnessed the still birth of a new localism.

4 pm

The Minister of Communities and Local Government (Mr. David Miliband): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes the Government's continuing support for local government with its 33 per cent. grant increase since 1997; notes that the average increase in council tax in 2005–06, at 4.1 per cent., is the lowest increase in a decade, the second lowest ever, and lower than the last three council tax settlements for which the previous Government was responsible; welcomes the Government's engagement with councils to facilitate the delivery of 2.5 per cent. annual efficiency gains in local government; and looks forward to the conclusions of Sir Michael Lyons's inquiry as an important contribution to securing a fair and sustainable system of local government finance for the future."

I welcome the debate and hope that, at the end of it, the watching millions are as informed and passionate on the subject of local government finance as the small band of experts who follow these matters carefully. I hope that the House will agree that, among the small band of experts who follow local government, and particularly local government finance, one man stands out. I pay tribute to my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), and remark that this particular debate on local government matters is unusual in that he is not speaking from the Front Bench. By the end, many may wish that he were, but I know that I speak for the whole House when I say that he was always the most courteous Minister. However naive or inane the question, he always tried to answer it fully. Anyone who believes in the health of—*[Interruption.]* The hon. Member for North-East Bedfordshire (Alistair Burt) should listen to this; if he did, he might agree with it. Anyone who believes in the health of local government must believe that my right hon. Friend's contribution was immense.

When I took up the post, my right hon. Friend congratulated me and told me that it was the best job ever, yet I now read in this week's "Municipal Journal" that he believes local government finance is "a nightmare subject", so it turns out that he is a bit of a spin doctor himself in these matters.

I also want to welcome the hon. Member for Brent, East (Sarah Teather), who was cruelly denied the opportunity to speak to us during the Queen's Speech debate, but will now be able to do so. She may not realise that Opposition motions are usually a chance for the Opposition to attack the Government. It must be strange for her to feel that this time she is the Government, given that she was so often the subject

[Mr. David Miliband]

of the speech of the hon. Member for Meriden (Mrs. Spelman). Listening to that speech, I began to feel that the two Opposition parties were becoming concerned about the fight for second rather than first place—*[Interruption.]* I hope that the hon. Member for Brent, East will take it as a compliment to be so roundly attacked by the hon. Member for Meriden, but she must look out for Martin Miller on the side track in Cheadle, as he is mounting a strong campaign for the governing party. She had better not take her eye off him.

I want to make three main points in the debate. First, it is possible to talk about local government taxation and, therefore, income for local government, only if one is willing to talk about expenditure as well. Secondly, there is a balance of income sources for local government and they need to be understood together. Thirdly, the Lyons inquiry, following the balance of funding review, offers a special chance for the country to find a sustainable way forward for this important issue for our quality of life and the quality of our democracy.

In that context, I have to tell the hon. Member for Meriden that it was disappointing that, after 27 minutes of her speech, she should turn to our proposals and then finish before the 28th minute had passed. I am sure that we shall get to hear the details of the Conservative party proposals—*[Interruption.]* Yes, it must have been an oversight on her part. I am sure that among the many sheaves of paper that she has with her are her detailed proposals. We look forward to hearing all about them in due course.

Let me talk first about local government expenditure, because it is expenditure that drives taxation—national and local. Local government is at the heart of national life and it has a unique role in championing the communities that we live in and helping them to prosper. The four pillars of local area agreements for local authorities over the next two years cover enterprise and economic development, safer and stronger communities, healthier communities and older people and children and young people. They provide a clear and sensible way of thinking about the arithmetic of local government.

In 2004–05, local government in England spent £127 billion—a quarter of all public expenditure. The largest share, at 37 per cent., goes on education. Social services spending represents a further 18 per cent. and the police another 11 per cent. Those three services make up 65 per cent. of the total net current local government expenditure. Of that share, 65 per cent. goes on the pay of teachers, police, fire fighters and other local government workers. The share of spending on staffing costs varies, from transport, where it is relatively low, to education, where it is quite high.

In preparing for the debate, I was interested to see that, over the last 30 years, local government spending has risen at more or less the same rate as national spending. The pressures do not follow the business cycle as central Government spending did in the 1980s, but instead reflect real need in areas such as social services, where an ageing population, higher dependency costs and increases in areas such as care home fees are placing pressures on local authority budgets. The same goes for community safety—the hon. Lady mentioned neighbourhood wardens and I hope that we can take it from her remarks that she will support the drive to extend that scheme all over the country. It also applies to waste services, where we must manage ever-increasing quantities of municipal waste in ways that minimise its impact on health and the environment.

Local government is responsible for spending decisions in all those areas, but the imperative to control cost is clear and present.

Mr. Edward Davey (Kingston and Surbiton) (LD): Will the Minister confirm that the passporting of school budgets and ring-fencing of other budgets has made it more difficult for local authorities to manage their budgets prudently?

Mr. Miliband: That is often said, but the hon. Gentleman will know as well as I do that many local authorities spend above the ring-fenced or passported level on education, to some 108 per cent. to 110 per cent. nationally. My impression is that the commitment of the Government to make education the No. 1 priority is widely shared across the country.

Mr. Eric Pickles (Brentwood and Ongar) (Con): If education and the like are ring fenced, the growth in other services that do not have that benefit that the Minister mentioned is distorted. After all, 12 local authorities received no additional grant once the money had been expended on education. Does he accept that the more areas the Government control, the more they distort the market?

Mr. Miliband: The Government make no apology for saying that the money we raise for education—our top priority—needs to go on education, and I am pleased that local authorities have supported that. On the hon. Gentleman's wider point, if money is specified for one function, it cannot of course be spent on another. However, I am sure that he is pleased, as I am, at the development of the local area agreements that allow local authorities to move money across the piece, because such agreements contribute to the vibrancy of local government, in which I know he believes.

The evidence of the Government's determination to control costs as well as to support local government can be seen in the average increase of 4.1 per cent. in council tax this year, but it is also evident in our drive for efficiency. The Government can play a lead role in that area. That is what we have done through the Gershon review, which has set challenging efficiency targets for local authorities of up to £6.5 billion by 2007–08. For our part, we will continue to work with local government to ensure that those targets are met and the money is then properly spent.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Minister will know better than most that, although he says that local authorities have control over various spending decisions, they in fact do not, because various matters are controlled by the Government—in particular, the increases in taxes that they have put on local authorities, in the form of pensions tax and national insurance. The Government also keep putting unfunded duties on local authorities—for example, local authorities have to comply with the waste directive and face increases in the landfill levy. The Government have also reduced local authority

housing grant, as my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) mentioned earlier. More than the entire increase that the Government have given local government in the past seven years has been taken up by increased taxes and duties.

Mr. Miliband: We can have a debate about national insurance every day of the week as far as I am concerned, but the Conservative party made no proposal to reverse the 1p increase in national insurance that the Government introduced and it is money that has been well spent by the national health service. It is also churlish of the hon. Gentleman not to thank the Government for the £120 million increase in grant for his local authority in the past eight years—in stark contrast to the performance of his party in power.

Mr. Brian Jenkins (Tamworth) (Lab): Can the Minister confirm, off the top of his head, that, over the past 20 years, the amount of spending raised by local councils has been some 25 per cent. and the amount provided by the Government has been 75 per cent., irrespective of the ever-growing burden that this Government are alleged to have put on local councils?

Mr. Miliband: My hon. Friend makes a good point. The amount is certainly about 25 per cent. at present. Of course, there was a certain rupture in the way that local government was organised under the poll tax and, although I am sure he and I could talk for a long time about the vagaries of the poll tax, we are trying to look forward today.

David T.C. Davies: Is the Minister confirming that there is an irrefutable link between the amount of money that local authorities receive from central Government and the amount they have to levy through council tax?

Mr. Miliband: There is an irrefutable link between the amount of money that local authorities raise from a range of sources and the amount that they have to raise in council tax, because they have to bridge the gap, but, as the hon. Gentleman will know and as I shall explain in a moment, local government income is from a range of sources, which I shall set out, as it may be helpful.

Council tax raises about £21 billion, which is equivalent to 25 per cent. of local revenue expenditure. Government grant accounts for about £48 billion and 53 per cent. of revenue expenditure. I urge those who decry that level of Government grant to remember that a smaller contribution from central Government means more from someone else. At the last election, the hon. Gentleman's party proposed to freeze grants to local government for two years—*[Interruption.]* The hon. Member for Meriden (Mrs. Spelman) says, "We didn't," but let me quote her the words of the then shadow Chancellor, because the policy was clear:

> "I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all these departmental budgets, including local government, will be 0 per cent."

Nothing could be clearer than that—*[Interruption.]* The hon. Lady says that that was before the James review, but we know that the review proposed cuts of £1 billion in local government expenditure for which it had no way of accounting. It is important that the House knows that the Conservatives were claiming £900 million of savings from reduced costs as a result of inspection and the like but, when pressed, they were forced to rely on a study that concluded that low morale cost £400 million. Their sums simply do not add up.

Mrs. Spelman: To set the record straight, the then shadow Chancellor, before the election, following the savings identified by the James review, gave a commitment to increase funding to local government.

Mr. Miliband: I very much look forward to taking that matter forward. We have quotes from the right hon. Member for West Dorset (Mr. Letwin) and, although I know that he is something of a man of the past in the Conservative party because he is not running for the leadership, we shall certainly pursue the matter.

Council tax raises about 25 per cent. of income, central grant raises 53 per cent. and the national non-domestic rate about £18 billion, linked to the retail prices index. Thanks to the new prudential capital finance regime that took effect on 1 April 2004, local authorities are, for the first time, free to borrow for capital projects without Government consent. Those are the main sources of local expenditure.

Mr. Allen: That is all good knockabout political stuff, but where the hon. Member for Meriden (Mrs. Spelman) was right was in saying that we should all be thinking about the future of local government finance. Does my right hon. Friend accept that in no other western democracy is local government in thrall to central Government as it is in the UK? Will he look into the constitutional settlement between local and national government, because that is the only long-term way in which local people can take control of their own affairs and have a say in raising money locally in the way they feel is appropriate?

Mr. Miliband: My hon. Friend makes an important point and, as he will know, the balance of funding review addressed that matter directly, as shall I. It was generous of him to focus on the 28th minute of the contribution of the hon. Member for Meriden and I shall try to do so, too.

Dr. Vincent Cable (Twickenham) (LD): Will the Minister return to a point on which there is more consensus: the Gershon savings of £5.6 billion a year? How will we know when they have happened and, as a taster, can he tell us how much was saved in the first year of the programme?

Mr. Miliband: I am pleased to say that I can. Our analysis of plans submitted by authorities suggests that councils are not just making real efforts but achieving real success. The efficiency gains achieved already and those expected by the end of the year add up to £1.9 billion. That is good news, and I think we can all agree on the importance of that.

The property base of local taxation, through the council tax, provides an efficient and workable foundation for taxation.

Sir John Butterfill: In response to the intervention about local government not being in thrall anywhere

[Sir John Butterfill]

else in western Europe, may I cite the fact that local authorities in Germany and Austria get respectively 15 and 18 per cent. of the total national tax take, and they get it from central Government? They are almost entirely funded from the central Government, not from local people.

Mr. Miliband: The hon. Gentleman makes a good point. Of course, there is a big difference between local taxes and assigned national taxes, and the degree of thrall differs according to those two measures. Before hon. Members become too focused on the idea that those in local government are lying inert on the floor underneath the weight of central Government, they should go to any town or city in the country, where they will see a lot of dynamism, with those in local government exploiting quite a lot of freedom in performing their roles. I am sure that every hon. Member can point not just to isolated examples, but to a real drive by those in local government to lead their communities, economically and socially—and in my part of the world, culturally as well.

Simon Hughes: Ahead of the Lyons announcement, as a matter of philosophy, does the hon. Gentleman personally as a new Cabinet Minister—and does his party—believe in giving more power to local councils? Do they believe that more of the money spent locally should be raised locally?

Mr. Miliband: The balance of funding review concluded that there was a strong case for more money to be raised locally. In respect of devolution, I believe that it is a good principle that power should be exercised as close to the people as possible, and I tell the hon. Gentleman in all seriousness that that is not just about power for the town hall; it must be about moving power from the town hall to the citizens as well. In that sense, this is not just a devolution deal between local and central Government—it must engage people beyond the town hall. That is important.

The property base of local taxation provides an efficient and workable foundation for taxation. For groups on low income, the council tax is, of course, reduced—for single people, by 25 per cent; for poor families, by council tax benefit, which is received by 4.9 million family units a year and is worth £13 a week on average, although we would all like take-up to be higher. Of course, there is a welcome boost for pensioners, pioneered by my right hon. Friend the Chancellor of the Exchequer.

Mr. Nick Hurd (Ruislip-Northwood) (Con) *rose—*

Mr. Miliband: Will the hon. Gentleman just let me make this point?

The Government's help in the form of a £200 contribution to the cost of council tax goes to 6.2 million pensioner households, nearly twice as many as would be covered by the Opposition's proposal, which excludes many pensioners because they do not live with other over-65s. Less than one quarter of pensioners would get the £500 of which the Opposition boast. In fact, the majority would get less than the £200 that is delivered under our proposals.

Mrs. Spelman: What about next year?

Mr. Miliband: Tempted as I am to make Budget statements in advance of the Chancellor, it would probably be audacious for a new Cabinet Minister to do so.

Mr. Hurd: I should like to bring the Minister back to the take-up of council tax benefits, which he skirted over. The unsettling fact is that about a third of pensioners who are eligible for council tax benefit do not take it up, apparently owing to the complexity of the process. What will the Government do about that, apart from just stating an aspiration that take-up will increase?

Mr. Miliband: I agree that take-up is an issue. I will write to the hon. Gentleman, though, because he is somewhat mistaken about the number. My understanding is that the figure is actually 53 per cent., but I will check that for him. However, neither 53 per cent. nor 33 per cent. is anything to be proud of. Take-up is certainly an issue to be considered, but it is not just a matter of publicity, however important that is, and a range of other issues is associated with it. It is certainly something that my right hon. Friend the Secretary of State for Work and Pensions is considering, because it is a long-term issue.

Anne Main (St. Albans) (Con): The Minister compared the Government's £200 contribution with the £500 that the Conservatives would have delivered but ours was a year-on-year contribution, not a one-off, so I do not know how he can compare the figures.

Mr. Miliband: I am sorry, but any of us can promise any amount of money if we do not have to say where it will be paid from. I can magic commitments out of the air, but, frankly, in the scheme of things, when the Conservative party proposes a £35 billion reduction in Government spending by 2011, for the hon. Lady to suggest that there is a sudden outburst of generosity in respect of pensioners strikes me as fanciful to say the least.

Mrs. Spelman: I thank the Minister for allowing me to reply to that point. The Institute for Fiscal Studies confirmed that our proposal was fully costed and fully funded, and among the savings was the scrapping of the best value comprehensive performance system, which costs £1 billion a year.

Mr. Miliband: I am sorry, but this £1 billion cost for inspection is completely erroneous. As I said to the hon. Lady, the figure is based on a local government information unit study that ascribed £400 million of savings to increased morale. I am happy to pursue the point, but I think that I should bring my remarks to a close. [HON. MEMBERS: "Yes."] I am sorry that Conservative Members have not been able to enjoy the past 20 minutes, but there is more to come.

The Government are determined to balance the commitments to spending on front-line services, a strong efficiency drive and a prudent council tax policy as part of a balanced package to support local government. The balance of funding review, which reported last July and included senior figures from central and local government, the academic world, business and professional bodies, found a strong case for shifting the balance towards more local funding. But that case depended on the feasibility and desirability of any measures to achieve it. It concluded that a variable local income tax might increase local accountability, but that a more complex funding system might be harder for taxpayers to understand, and there were potentially serious risks and disadvantages that would need to be considered in great detail, including the additional costs and burdens that the system would impose and the complexities of administration. That is notwithstanding the further point that, for dual-earner households, a local income tax presents, by any stretch of the imagination, a significant tax rise. Opposition Members must explain that.

David Howarth (Cambridge) (LD): Will the Minister give way?

Mr. Miliband: I will not have a big go at the hon. Gentleman but let him speak for himself. The hon. Member for Brent, East (Sarah Teather) will no doubt cover this point in a moment.

The balance of funding review reached consensus on a broad range of issues. It concluded that council tax had important advantages as a local tax and should be retained but reformed to help people on low incomes and to reduce the impact of revaluation. In the context of that, the House will be interested to compare the remarks of the hon. Member for Meriden today with her comment, as recently as 2 March 2005, that

"a property-based tax must take account of changes in the value of the property".

[Interruption.] The hon. Lady says that it is not true, but it is written here in *Hansard*.

Mr. Pickles: My hon. Friend did not say that.

Mr. Miliband: I am sorry but I have the full quote here. If the hon. Gentleman will contain himself, he will hear that the hon. Lady said:

"The answer to the question about revaluation is that, of course, a property-based tax must take account of changes in the value of the property."—[*Official Report*, 2 March 2005; Vol. 431, c. 983.]

She said that. I hope that the hon. Gentleman will accept that the quotation is accurate.

Mrs. Spelman: All I said from a sedentary position was that I had already covered that point in response to the intervention of the right hon. Member for Greenwich and Woolwich (Mr. Raynsford). The point was that the revaluation exercise is to tackle the disparities in property prices, but the fact is that the gap is narrowing. That takes away the need to act now and in the way that the Government intend.

Mr. Miliband: The watching millions can draw their own conclusions from that.

To follow up the work of the balance of funding review, we invited Sir Michael Lyons to undertake his inquiry into local government funding. We asked him to consider the detailed case for changes to the system of funding and make recommendations on any changes that are necessary and how to implement them.

Mr. Clifton-Brown: Will the Minister give way on that point?

Mr. Miliband: I have been extremely generous in giving way, and I hope the hon. Gentleman will now allow me to finish my speech.

In particular, we asked Sir Michael how best to reform and revalue council tax and to look at the case for supplementary revenue raising by local authorities and options for reforming business rates and other local taxes and charges. Since starting work, he has visited each of the English regions and Wales to take evidence from stakeholders. He has met groups and individuals with a wide range of interests, and key stakeholders have been encouraged to submit written evidence. I look forward to his report.

I have a sneaking feeling that the minds of the drafters of both Opposition motions may be less on the finer points of the Lyons inquiry and more on their intense political rivalry for the vacant Cheadle seat. When the hon. Member for Meriden started talking about "Bash the rat"—*[Interruption.]* I am sorry but "splat the rat" is known as "Bash the rat" in the more refined parts of the north-east. However, when she started talking about "splat the rat", I thought she was talking about us. It turns out that we on this side are the drainpipe in this competition and the rat is sitting on the Liberal Democrat Bench. Be that as it may, the Government are fully focused on promoting serious engagement with the difficult choices raised by the pressure for more local spending in an acceptable way. It is to that end that I welcome this debate and look forward to its conclusions.

4.24 pm

Sarah Teather (Brent, East) (LD): As the Minister of Communities and Local Government suggested, it is a great pleasure, in my debut on the Front Bench, to be defending our party's most popular policy from Conservative attack—*[Laughter.]* The Conservatives laugh; let them laugh.

We have had an interesting debate so far, although it has turned up some of the worst and most anodyne of soundbites—goodness knows what "splat the rat" relates to. However, it has also shown clear philosophical differences between the parties, as well as a gaping hole in Conservative party policy. The Conservatives have nothing to say about the balance of funding crisis or the need to reform council tax, but of course the truth is that they do not want to do that. They have flip-flopped all over the place on revaluation. Their claim appears to be that house prices are converging across the country. What land are they living in? I assure them that house prices in my constituency have gone up a good deal faster than they have in neighbouring areas.

Mr. Pickles: The hon. Lady is wrong on two material facts. First, there is not a question of convergence. However, the relationship between north and south is roughly what it was.

David Howarth *indicated dissent.*

Mr. Pickles: Yes, it is; the relationship is exactly what it was when the council tax was introduced 10 years ago. Secondly, we have voted against revaluation on every single occasion, but on every single occasion, the Liberal Democrats voted for it.

Sarah Teather: I understood that the Conservative party was advocating five-yearly rather than 10-yearly revaluations, so the hon. Gentleman is perhaps misleading us.

Dr. John Pugh (Southport) (LD): I have a *Hansard* quote from the hon. Member for Brentwood and Ongar (Mr. Pickles), who just said that we are wrong. On 7 January 2003, he said:

"We support ... revaluation being made on a regular and predictable basis."—[*Official Report*, 7 January 2003; Vol. 397, c. 64–65.]

Sarah Teather: The Conservatives really do not know what they are doing, do they?

Mr. Andrew Turner: On a point of order, Mr. Speaker. Am I correct in thinking that the hon. Lady said that my hon. Friend was misleading us?

Mr. Speaker: I think that the hon. Lady meant to say "inadvertently misleading".

Sarah Teather: I absolutely meant that the hon. Gentleman was inadvertently misleading us Mr. Speaker.

Now that the Conservatives oppose revaluation, it is clear that they are not attached to the council tax because they believe in the philosophy of a property tax. They have said that they oppose a wealth tax and want a local service tax. The hon. Member for Meriden (Mrs. Spelman) said that it costs the same amount to every person to empty the bins in every area. That shows her view of the role of local government. The nonsense that the Conservatives talk about wanting localism is underlined by that statement. It is the kind of thinking that spawned the poll tax, so the party has not moved on intellectually.

There is real tension in the Conservative party because although some say that they want localism—some of the brighter Back Benchers advocate the return to localism and getting rid of the centralist state—the hon. Lady continues to argue for a local services tax and against giving any powers back to councils. She argues for a regressive tax system.

Mrs. Spelman: I am grateful for the opportunity to reply to the hon. Lady's point, which is definitely misleading, and not inadvertently. I make it perfectly clear to her that in the balance of funding review—

Mr. Speaker: Order. We had best stop here. No hon. Member would be misleading in the House and certainly not the hon. Member for Brent, East. I hope that the hon. Member for Meriden (Mrs. Spelman) will withdraw that remark.

Mrs. Spelman: Of course I withdraw any remarks that might cause offence. A proper reading of *Hansard* tomorrow will reveal the words that I actually said in my speech, not the words that are being put in my mouth.

Sarah Teather: I am no clearer, I am afraid.

At least the Tories are honest enough to acknowledge that the council tax is a poor proxy for a wealth tax, whereas the Government claim to be interested in progressive taxation, but fail to tackle the main problem with council tax by grasping the nettle that it is fundamentally unfair. I will be interested to find out whether they finally grasp that nettle when the Lyons review reports, or whether they will institute yet another review.

We have been arguing for the abolition of the council tax and its replacement with a local income tax since the Conservatives introduced it.

Mr. Graham Stuart (Beverley and Holderness) (Con): In light of the Liberal Democrats' opposition to the council tax, will the hon. Lady explain why members of her party voted again and again for a revaluation that will hit people hard and make them pay more. Why did they support the Government in doing that?

Sarah Teather: We did not. End of story.

We have argued for the local income tax because it is fair—

David T.C. Davies: Surely the hon. Lady is aware that the Liberal Democrats in Wales most certainly voted not only for revaluation, but for the change in formula that took money from rural areas and put it into the south Wales valleys, where Labour authorities had been unable to keep their books in order for many years.

Sarah Teather: A revaluation is irrelevant if we have a local income tax. If we scrap the council tax, there is no need for any revaluation. It is nonsense to suggest that we are in favour of revaluation. We are in favour of getting rid of the council tax.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Will the hon. Lady give way?

Sarah Teather: In a minute.

We have argued for a local income tax because it is fair and simple and has been proven to work in many other countries and here. Fundamentally, it will allow us to shift the balance of tax raising from national income back to local income. That is what localism is about. If we are serious about localism, we must give councils the power and freedom to raise money and spend money.

Mr. Kevan Jones (North Durham) (Lab): I am listening to what the hon. Lady says about local income tax. Does she stand by what she said in the *Evening Standard* on 29 June:

"A fair local income tax would be simple and cheap to collect and wouldn't leave people impoverished."

How could it not leave three nurses who live together in a house in the city of Durham impoverished if they have to pay more council tax?

Sarah Teather: A student bursary is not taxable.

Mr. Adrian Sanders (Torbay) (LD): One fundamental problem with any system of local government that is dependent on a central Government formula is that it will relate to the local tax base. A council tax system will always be unfair to an area of above average house prices and below average incomes. Our policy tries to address that.

Sarah Teather: My hon. Friend makes an excellent point, and the situation would be made worse following revaluation.

Mr. Pickles: I give the hon. Lady the opportunity to withdraw her remarks. Is *Hansard* in 2003 at columns 126, 976 and 339 wrong when it shows Liberal Democrat MPs voting for revaluation?

Sarah Teather: That relates to a vote on Third Reading. We did not vote for revaluation. *[Interruption.]* Those are endless numbers and I cannot answer the detail.

The point of introducing a local income tax is that it allows us to shift the burden so that we move from raising all the money through national income tax to raising it through local income tax. We cannot do that with a property tax alone. We certainly cannot do it with an unfair council tax.

Several hon. Members *rose—*

Sarah Teather: I need to make progress. I have been talking for some time—

Mr. Raynsford: Will the hon. Lady give way?

Sarah Teather: I shall give way to the right hon. Gentleman shortly.

Council tax is fundamentally unfair because the poorest 20 per cent. pay far more of their income to it than the richest 20 per cent. That is much more the case for pensioners, who pay six times as much of their income as the richest 20 per cent. That explains the revolt against council tax.

As other hon. Members said, benefit take-up is poor. It is an intimidating process. Two thirds of pensioners fail to claim the benefit that they are owed. We need to end the nonsense which suggests that council tax is easy to collect because property does not move. Some £600 million-worth of council tax went unpaid last year. We now have the spectre of an 85-year-old lady being imprisoned for not paying her council tax, which she says she is unable to pay.

Mr. Raynsford: Will the hon. Lady tell the House whether her party's policy for a local income tax remains based on the premise that it would be collected only through the pay-as-you-earn system? If that is the case, how is it fair that those people who are outside the PAYE system, including those people living on investment income and dividends, who are among the wealthiest in the country, would be exempt from making any specific contribution towards local taxes?

Sarah Teather: The money would be collected using the same process that we use to collect income tax at the moment. It would not be any different.

I shall deal with some of the misinformation circulated by the Conservatives, who do not understand the impact of council tax on ordinary families, because they do not understand how much an ordinary family earns. The leaflets circulated in Cheadle claim that in some areas of Bramhall people would pay much more in local income tax, but, in fact, that would only be possible if they earned well over £80,000 a year. I would be interested to know the workings behind that calculation. I am sure that people on the North Park Road estate would be interested to know that the hon. Member for Meriden believes that the average household income in that area is over £80,000.

Mrs. Spelman *rose—*

Sarah Teather: I am happy to give way to the hon. Lady so that she can explain how she arrived at those figures.

Mrs. Spelman: The Liberal Democrats' own "Axe the Tax" website gave a figure between £30,000 and £40,000. The hon. Member for Twickenham (Dr. Cable) said that the proposal would bite on a dual income in the middle of that range, so would the hon. Lady explain why the situation has changed?

Sarah Teather: The figures in the Conservative leaflets in Cheadle claim that people would supposedly pay much more in local income tax, but I must point out that that is only possible on an income of more than £80,000. So that is a ridiculous claim.

The average household income is only about £23,000 a year, so figures given by the Conservative spokesmen completely misunderstand the earnings of ordinary families. Under a local income tax, about half the population would be better off, a quarter would be about the same, and a quarter would pay more. We have been upfront about that, and the hon. Member for Meriden, the Minister and I would all pay more. That is perfectly fair. Pensioners in Cheadle, however, would do extremely well. Only 4 per cent. of pensioners nationally would pay more. Many pensioners would do considerably better than they do at the moment, and about 6 million of them would not pay anything at all.

Chris Bryant (Rhondda) (Lab): It is fascinating to watch the spat between the Liberal Democrat and Conservative Front Benchers. The hon. Lady made a strong point about wanting to return to localism in local government finance. However, is there not a difficulty, given that for many decades a fundamental principle of local government finance has been redistribution from the richer parts of the country to poorer areas? Is that not equally important, and is there not a danger that in her ideological obsession with localism she may lose support for poorer areas of the country?

Sarah Teather: We need to raise a much greater proportion locally. About 30 per cent. of local authority

[Sarah Teather]

income is raised locally, and about 70 per cent. comes from a Government grant. We should reverse that 70:30 split. There would still be an equalisation grant, but far money would be raised locally through a local income tax.

A local income tax would be much cheaper to collect—around £340 million a year. It would end the bureaucracy of 352 separate billing authorities, and everything would be done through the Inland Revenue. I shall deal with some of the other nonsense in the Tory motion. The Chartered Institute of Public Finance and Accountancy looked at compliance costs on businesses after it gave evidence to the Government's balance of funding review, and said that it was quite possible to use the coding system, so no extra administrative burden would be imposed on employers. As for local income tax undermining the incentive to work, I suggest that the Conservatives tell that to people who are paying a 20 per cent. marginal tax rate as they struggle to return to work, who find that their council tax benefit is removed.

The Conservatives do not have an answer to the council tax or to the balance of funding crisis. They have opposed every reform that has been proposed, and do not have a clue about returning tax-raising powers to local authorities. That is hardly a surprise, because under Thatcher we experienced capping, the abolition of the Greater London Council and centralised business rates. The Government are in no better position. They have already briefed their favourite journalists at *The Times* to the effect that they may not do anything at all about local government finance. They have an historic opportunity to do away with an unfair and unpopular tax that has been hanging around their neck since they replaced the Conservative Government. They have an opportunity to shake up local government finance radically, to localise business rates and give them back to local authorities, to get rid of ring fencing and passporting, and to introduce a tax system that would allow us to raise far more of the money locally. Will they do it? I doubt it, because new localism is meaningless. I await a further review.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I should remind the House that a 10-minute limit has been placed by Mr. Speaker on Back-Bench speeches, which operates from now on.

4.40 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): Words to describe the contribution from the Conservative Front-Bench almost fail me. I had hoped that after the exigencies of the election, we might have a rather more reasoned and thoughtful debate, as my right hon. Friend the Minister said, about the future of local government taxation and where it goes. The hon. Member for Meriden (Mrs. Spelman) claimed that we did not need the revaluation, which the Conservatives themselves built into the council tax when they introduced it. Revaluation was seen as a logical part of the process because in one year, apparently, house prices were converging, whereas the idea of building a revaluation into the council tax takes account of the difference in prices over the period between one revaluation and another, so the revaluation relates council tax to the real price of houses, rather than to the fictitious base that successive failures to revalue would eventually create.

The hon. Lady contributed a series of non-suggestions for change—for example, by talking about how pensioners would get a rebate on council tax, without stating how that rebate would be funded. As she said, it would have to come from central Government funds, so the proportion of money coming from the centre would be greater, while the proportion from local funds would be smaller.

The third point in the Conservatives' case was that council tax-raising by the Government is a form of stealth tax that takes ever-increasing amounts of money away from local people.

Anne Main: Is the hon. Gentleman content that 50 per cent. of the increase in pension since 1997 is swallowed up by council tax?

Dr. Whitehead: No, certainly not. If the hon. Lady would care to listen, my point is that you cannot claim that you are trying to cut expenditure centrally and at the same time fund the rebates that you propose as part of your policy by putting in more money from central Government. The two do not—

Mr. Deputy Speaker: Order. I remind the hon. Gentleman, who has been here for a few years, that he should not use "you" to refer to the hon. Lady.

Dr. Whitehead: I apologise, Mr. Deputy Speaker. I shall attempt to be more accurate in my remarks.

On the extent to which the council tax is supposedly a stealth tax, the hon. Member for Meriden should refer to the proportion of funding raised by local government as a proportion of total revenue spending in local government year on year over the past seven or eight years, and see what percentage comes from central Government, what percentage comes local government and what percentage comes from business rates. Had her claim been correct, one would expect the proportion raised from local taxes—the money that the Chancellor is allegedly trying to get local people to raise as a form of stealth tax—to rise and the amount coming from central Government to fall. The hon. Lady would find that the opposite is the truth. What is true—perhaps this is a reflection on the future of council tax—is that the proportion of the tax provided by the business rate has fallen substantially in terms of total local government revenue.

Mr. Allen: I hope that my hon. Friend will be wary of falling into the trap of not recognising that local tax-raising and national tax-raising is taxation raised locally. The moneys come from individuals, local people. The question is how much is retained by the centre and what is done with the revenue. Does my hon. Friend accept that we can never separate local government finance from local government powers? Perhaps Liberal Members have lost that part of the theory. They have come up with a view about local income tax, which has some intellectual coherence, but

that seems not to walk alongside the differentiation of local power and national power. There must be a constitutional and democratic settlement to make things work.

Mr. Deputy Speaker: Order. The hon. Member for Nottingham, North (Mr. Allen) knows that he must not make a speech in an intervention.

Dr. Whitehead: My hon. Friend makes a valid point. If it is accepted that more power should be returned to local level, that goes along with the idea that funding for local decisions should be made locally to a greater extent. Decisions on that funding, and the extent of that funding, must be made locally. There are no proposals from Conservatives to raise the amount of money that is raised locally through council tax. Indeed, the opposite is the case, given what they say about how their various giveaways should be funded. They wish to see the proportion of money that comes from the centre increased. At the same time, they say, having examined the charts erroneously, that the sums that the Government are making local people pay through local tax are increasing.

The amount raised by the business rate has fallen. If there is a review and an outcome, the buoyancy of the tax take across the board must be considered as a whole. The hon. Member for Meriden failed to set out the proposal at the centre of her party's proposals when going into the general election. It was proposed to freeze the amount of money going into local government. The hon. Lady shook her head in response to the quote from the shadow Chancellor on 16 February 2004, but that was—

Mrs. Spelman: If the hon. Gentleman reads *Hansard* tomorrow he will see that I stated clearly for the record that our former shadow Chancellor had clarified before the election that local government funding would be increased. The proportionate share between central Government and local government varies by local authority. The global picture disguises the way in which Conservative authorities have been discriminated against.

Dr. Whitehead: The hon. Lady is right that the shadow Chancellor clarified the position shortly before the election. Indeed, he did so in February 2005. In a statement posted on the Conservative website entitled "Better Public Services, Better Value", he said:

> "Last February, we set out our medium term expenditure strategy. The heart of that strategy is a path for public spending that is affordable . . . in this document we set out how we will achieve that affordable spending."

On page 2, there is a table setting out spending in 2005–08, which was allocated to priority and non-priority areas. Right hon. and hon. Members will be shocked to know that local government expenditure was considered as a non-priority area. They will also be shocked to know that other grants to local government in a devolved Administration in that non-priority group were listed to increase over a three-year period by only 1 per cent. That is equivalent to a freeze in the first two years and an increase of 2 per cent. in the third year. The policy that the hon. Lady has said is not policy, and which was amended between 2004–05, was endorsed by the shadow Chancellor in the document of 2005. That illustrates the bankruptcy of the Conservative proposals on local government.

We need to consider some aspects of council tax, including, as the Liberal Democrat amendment suggests, the way in which local government taxation is geared. The gearing effect shows that decisions on local government taxation automatically inflate in terms of the council tax-raising decision and the budget-making decision that precedes it. However, the Liberal Democrats have failed to see the central point. Indeed, the hon. Lady's predecessor, who was in the Siberian power station position of defending Liberal Democrat local income tax proposals, said that under his policy he would have to put £1.7 billion into the pot to keep local income tax rises at 3.5 per cent. for the first year. He was, I accept, very honest when he said that that amount had gone up from £1.7 billion to £2.4 billion—again, money from central Government resources. Local income tax completely fails to deal with the gearing problem in local government taxation.

Sarah Teather: It is a two-stage solution, as it is not possible to do everything in one go. We need to get the system in place and let it bed down, and then shift from national to local taxation. Without a coherent system, it is not possible to do that.

Dr. Whitehead: I think the hon. Lady is saying that over a period of time the local government settlement becomes even more highly geared—that is, more money comes from the centre and less from local government, and eventually the position switches to a greater amount of money coming from local government than from the centre, in which case local income tax rises very substantially. The whole basis of the local income tax proposals—as currently presented, for all I know, in the Cheadle by-election—is that rises are kept down to about 3.5 per cent. a year, which can only be done by smoke and mirrors.

David Howarth *rose—*

Dr. Whitehead: I only had 10 minutes, and I am afraid that I cannot give way any more.

In other words, a lot more money will have to be put in from the centre to keep the whole rickety show on the road. The truth is that, as the balance of funding review said, a local tax derived from property that is difficult to evade, relatively straightforward and cheap and simple to collect is probably the best way forward for local taxation. However, it requires several changes that reflect how taxation can be affordable, how the gearing process works, how the business community relates to local government in terms of paying for it, and how the palette of taxes might be broadened in order to make that whole burden bearable. The balance of funding—

Mr. Deputy Speaker: Order.

4.53 pm

Sir John Butterfill (Bournemouth, West) (Con): Since I have been in this House, we have moved from the rating system, through the poll tax, and on to the council

[Sir John Butterfill]

tax. People are now saying that none of those worked and we need another kind of tax. The real problem with the council tax, which was welcomed when it was first introduced, is the increased burdens that the Government have placed on local authorities without providing the funding to ensure that there is not a hugely increased charge to council tax payers.

Alison Seabeck: Will the hon. Gentleman give way?

Sir John Butterfill: The hon. Lady must let me say a couple of sentences before she tries to intervene, but I will give way in a moment.

The council tax has become unpopular simply because of the large increase in costs. It is therefore not unreasonable for thoughtful people such as the Liberal Democrats to say, "Ah, but wouldn't it be more reasonable if we had a local income tax, because that would be fairer and more attuned to people's ability to pay?" I believe that they are well intentioned, but misguided.

First, who would pay it? According to the Library, where I got some statistics today, there are approximately 38.3 million people of working age in this country, of whom 12.2 million do not pay income tax. On the other hand, 5 million pensioners pay income tax. Students, who do not currently pay council tax, would pay local income tax if they earned money to sustain themselves in their time at university. However, if we had local income tax in my constituency, the hundreds of foreigners who own holiday homes there would not contribute because they do not pay tax in this country. Probably 1 million foreigners, who would not pay local income tax, own property in London. Yet they use services, often placing a huge burden on the services that local authorities provide.

Sarah Teather: Such people would pay business rates on their properties if nobody lived there.

Sir John Butterfill: The hon. Lady is wrong. People who have holiday homes do not pay business rates.

Sarah Teather: Under our proposed system, they would pay business rates on the properties if they were not resident in this country.

Sir John Butterfill: So the Liberal Democrats now have a policy whereby people who have second homes would pay business rates on them?

Sarah Teather: Yes.

Sir John Butterfill: Well, at least we have one little extra gem to add to our understanding of Liberal Democrat proposals.

Local income tax would have a narrow tax base. Some boroughs would have few income tax payers. Either they would become increasingly dependent on central Government funding or the few income tax payers left in some poor boroughs would pay massive amounts of local income tax. They would bear a swingeing burden. It has already been said that hard-working husbands and wives, with heavy responsibilities, would be worse off. I do not know whether the Liberal Democrats propose to do something to help them.

The real problem with local income tax is that the administration is so difficult. First, unlike in some other countries, people in this country do not pay income tax where they live but where their employers are based. Local authorities that wanted to collect local income tax would have to find out where residents' employers were based. They would have to apply through the employers to the tax office to find out those residents' incomes. It is no good the Liberal Democrats claiming that it can be done through the tax code; it cannot. The tax code gives information only about a person's allowances, not a person's income. Unless the local authority knew the income of each tax-paying individual in the local district, it could not calculate the product of a local income tax. It would be flying in the dark. Officials at the town hall would need to know the income of every resident in the area.

David Howarth: The fallacy in the hon. Gentleman's point is the assumption that the local authority would need to know anything about taxpayers' affairs. As in other countries, the system would be prepared through the national tax authorities. All they have to know is where people live. They already know that; otherwise, how would we receive our tax notices?

Sir John Butterfill: There we are. We revert to the point that the tax would be nationally based and subsequently redistributed. It would be a central tax. The hon. Gentleman is right that that is exactly what happens in Germany, where a national tax is distributed to local authorities. That gets rid of the independence of the local authority. Local authorities would need to know the income of people who lived locally; otherwise they could not set a rate. A huge administrative burden would be placed on local tax offices.

The biggest problem with local income tax, however, is that it creates ghettoes of the rich and poor. I shall explain how that works. If we take the two London boroughs of Lambeth and Wandsworth, we can already see the effect that has been created just through the council tax. Relatively poor Lambeth has relatively high rates of local taxation and substantial Government subvention, whereas relatively prosperous Wandsworth has become more prosperous because it has a very low rate of council tax.

If that is true in the case of council tax, how much more true would it be if a local income tax were introduced, and people were to have their money directly plundered by the Liberal Democrats? The rich would vote with their feet. They would move from areas of high local income tax into areas of low local income tax. They would be able to afford to do so, but the poor would be trapped in areas of high local income tax as they would not be able to afford to move.

The only way in which that problem could be overcome—I am anticipating what the hon. Member for Kingston and Surbiton (Mr. Davey) is going to say about this—would be to have even larger Government grants to the areas with high rates of local income tax. That would create even more dependency, as well as

taking away from the poor areas the very autonomy that the Liberal Democrats profess to want for them. This is a lunatic system that could only have been developed by the Liberal Democrats. Only they could be so silly as to propose something like this. In the ghettoes that they would create, there would be huge numbers of people who would vote for better and better local services in the certain knowledge that they would not have to pay for them, and that somebody else would.

Mr. Davey: I am sure the hon. Gentleman has studied the way in which local income tax works in Sweden, Finland, Norway, Denmark, Switzerland, Japan and many states in the US, where there is more decentralisation and more money raised locally. None of those systems has any of the features that he has just mentioned. Would he like to study the systems in those countries, because that is where they are working in practice?

Sir John Butterfill: I am grateful to the hon. Gentleman for raising that point; I was just coming to it myself. I have read the study produced by Cardiff university on the very paragons that he has just mentioned. It criticises local income tax in Scandinavia for having the following disadvantages: its base is limited by options decided at a higher level; it is not very transparent, in that local tax policy and national tax policy are difficult to separate, as I am sure the hon. Gentleman would happily confirm; and the joint nature of the tax means that central Government are involved in setting the base and the rate of tax,

"thus lessening the autonomy of the local authority".

And, as I pointed out earlier, the system in Germany involves a percentage of central income tax being handed out. The same applies in Austria. Moreover, Scandinavia, about which the hon. Gentleman is so enthusiastic, does not have a graduated system; it has a proportional system that is extremely regressive. Is that really what he wants to introduce in the United Kingdom? Perhaps it is. If so, we are glad that we are being told that that is what the Liberal Democrats want.

We could, however, refine the existing system in the ways that my hon. Friend the Member for Meriden (Mrs. Spelman) has outlined. I would go a little further. One of the inequities of the present council tax system is that it does not take sufficient account of the composition of a household. It makes some recognition of it, but there are many households, in my constituency and everywhere else, with a large number of people of working age who do not effectively make an adequate contribution to local taxation. Yet there are others with a single person or a pensioner couple that are effectively paying more than their fair share for the services that are provided. If we are to reform the council tax system, I suggest that we adjust the council tax more adequately to reflect the composition of households. That would not be difficult; the necessary information is available from the census data or through voter registration details. It could therefore easily be done, and it would create a much fairer system than the complete dog's breakfast proposed by the Liberal Democrats.

5.4 pm

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I followed with interest the speech of the hon. Member for Bournemouth, West (Sir John Butterfill), which started very well. It was particularly good when he was demolishing the Liberal Democrat case for a local income tax, which he did with considerable skill and accuracy. Unfortunately, he spoiled the good effect by veering in the last minute of his speech into a return to the poll tax. It is one of the extraordinary features of today's Conservative party that it remains absolutely wedded to the belief that if it could get itself back to where it was in the 1980s, all would be well. Political parties that are obsessed with the past rarely command the confidence of the public. Thinking that it can find a solution to local government finance by going back to the kind of principles that generated the poll tax seems to be a delusion that is sadly typical of today's Conservative party.

Sir John Butterfill: I fear that the right hon. Gentleman does me an injustice. I was opposed to the poll tax when it was introduced, and I proposed an adjusted rating assessment, because the big attraction of the rating assessment, and the council tax, is that it is collected simply from the head of household. All that I was suggesting is that council tax ought to take household occupation into account more than at present.

Mr. Raynsford: I hear what the hon. Gentleman says, and I will not pursue that, as there are points of principle that I do wish to pursue. Any attempt to move back towards a flat rate tax related to the numbers of people living in a household would be a profound mistake, as the country rightly and overwhelmingly rejected the whole ethos of the poll tax that characterised the Conservative party in the 1980s and early 1990s.

One of the curious features of today's debate is the extent to which the two Opposition parties have been vying with each other—something on which other contributors have commented. It is strange that they should attach more importance to the short-term interests of the Cheadle by-election than to the long-term interests of developing a credible system of local government finance for this country, which is what we need. Let me consider some of the serious weaknesses in both their positions before concluding with a few thoughts about what should guide the way forward.

The Conservatives have been advancing the extraordinary proposition that one can have a system of taxation based on property values without the need for revaluation. The hon. Member for Meriden (Mrs. Spelman) recognised, I think, that that is completely untenable. She then proceeded to say that they were not totally opposed to revaluation, although the motion in her name and that of the Leader of the Opposition talks about cancelling plans for a council tax revaluation, which indicates pretty clearly that they are opposed to revaluation. She acknowledged that there was a need to take some account of values, but advanced the preposterous suggestion that because of some degree of convergence between property values in different parts of the country, there would currently be no need for a revaluation.

Mrs. Spelman: I explained that, according to the Halifax building society, there is a clear convergence. Given the argument that the right hon. Gentleman is promoting, however, how does he explain the situation

[Mrs. Spelman]

that pertains in Northern Ireland, which still has the rates system but has values based on 1975? That does not seem to present a problem in Northern Ireland.

Mr. Raynsford: It is completely untenable, for reasons that I shall outline, to have a values system based on historic values without any revaluation. Let me tell the hon. Lady why.

First, there is the nonsense of new properties being built where a notional value must be imputed as to what that property might have been worth 15 years ago. That is difficult enough if one is building a property in a developed area, but in an area which was previously entirely undeveloped, it is a completely ludicrous process. Secondly, when properties change hands and new values are applied, unfairness will inevitably be created. Two identical properties next to each other will have different valuations, purely as a result of a change of ownership in the intervening period, which is absolutely intellectually incoherent. Thirdly, the whole system is increasingly out of date, because it is based on values created 15 years ago. For all those reasons, it is intellectually and economically illiterate to suggest that one can have a system of council tax without the need for periodic revaluation. That is why we introduced arrangements for a regular 10-yearly revaluation. The Conservatives made fun of the Liberal Democrats for voting in favour of revaluation during the Committee stage of the Bill that became the Local Government Act 2003. The Liberal Democrats said that they did not vote for it on Third Reading. They do not seem to know where they stand.

Mr. Davey: It is nice to see the right hon. Gentleman on the Back Benches, although we enjoyed his performances on the Front Bench.

There was not a single vote on revaluation in Committee. The only amendment was tabled by the Conservative spokesman, the hon. Member for Cotswold (Mr. Clifton-Brown), who proposed five-yearly revaluations. There was no vote on revaluation on the Floor of the House. The only votes in the House took place on Second and Third Reading.

As the right hon. Gentleman knows, there was much in the Bill for which we had campaigned for many years. We did not support revaluation, but we supported many good things such as prudential capital borrowing.

Mr. Deputy Speaker: Order. That intervention was far too long.

Mr. Raynsford: The truth of the matter is that both Opposition parties are up a gum tree. One argues against revaluation now, but in Committee argued for five-yearly revaluations; the other adopted the view in Committee that revaluation was sensible, but now, because it is embarrassed about that, says that on Third Reading it did not vote for it.

This is nonsense, and the motive behind it is the revealing factor. Both parties are positioning themselves in the short term so that they can attack and criticise the revaluation when it happens without being in any way to blame. That is the position of the politically—let me choose my words carefully—the politically unprincipled, who simply wish to attack and criticise without having a credible alternative to offer.

Mr. Pickles: Speaking of the politically unprincipled, one of the things that have consoled us since the right hon. Gentleman's removal to the Back Benches is the number of articles that he has been writing on local government finance. Next to those articles have appeared news items from the Government suggesting that they are going wobbly on revaluation, rebanding and the whole process of local government finance. Are they being opportunist?

Mr. Raynsford: I am delighted that the hon. Gentleman is reading my articles in the "Municipal Journal" and other organs. I am sure that he agrees with much of what he reads, because he has some experience of local government. Despite his present difficulty, caused by the position that his party is temporarily adopting for expedient short-term reasons, I think he will understand that Labour is the party that is currently pursuing a credible policy to try and create a long-term, viable system of local government finance.

Let us now consider the Liberal Democrats' local income tax. Carried away by its vacuous slogan "Axe the tax", the party came to believe that this was the panacea and the miracle for them, but I am afraid that the rhetoric concealed all the defects of the local income tax. It is administratively complex, as the hon. Member for Bournemouth, West pointed out.

David Howarth: Will the right hon. Gentleman give way?

Mr. Raynsford: No. My time is limited, and I have already given way to a member of the hon. Gentleman's party.

The local income tax system would be inherently complex, with 400 authorities setting different rates. It becomes even more complex when we take account of the fact that unlike properties people move, because that means that there must be an arrangement for apportionment between areas. There would be huge additional pressures on employers, who would have to cope with the new coding arrangements. All that leaves considerable scope for evasion. The council tax is relatively easy to collect, and is difficult to avoid.

The second problem with the local income tax is its unpredictability. That does not apply to the council tax. Local authorities could find that following the closure of an important factory, there was a dramatic fall in their revenue in the short term and no means of covering it. That is clearly a serious weakness.

Thirdly, the local income tax is inherently unfair. If the Liberal Democrat proposals exempt those who do not contribute through the PAYE system; they are essentially exempting several hundred thousand of the richest people in the country, who are living on investment income and dividends, from making any contribution to local taxation. That is a scandal. Coming from a party that talks of fairness, it is one of the most ridiculous and absurd propositions that could be advanced.

So the positions adopted by the Liberal Democrats and by the Conservatives are untenable. By way of contrast, the Government have rightly set up the Lyons inquiry, entrusting this work to Sir Michael Lyons, who is one of the foremost experts in the country. He is widely respected and is giving careful and thorough attention to the various issues. I am confident that he will produce a credible package of proposals, in line with the brief that he was given, as outlined by my right hon. Friend the Minister of Communities and Local Government. It is important that we await Sir Michael's findings before jumping to conclusions or advocating a particular course of action. *[Interruption.]* The hon. Member for Meriden is nodding; I counsel her to await Sir Michael's report and recommendations before jumping to any conclusions about revaluation. She will recognise that in a taxation system based on values, there will be a need for regular revaluations. I am afraid that the motion tabled in her name would have to be withdrawn or amended in the light of those recommendations.

Sir Michael's work and the preceding work of the balance of funding review, which I am proud to be associated with, give us an historic opportunity to establish a long-term framework for local government finance that provides greater certainty and greater devolution to local authorities—so that they can take decisions and raise money themselves—but which also recognises the importance of an equalisation framework in ensuring no undue disparities between areas, and gives incentives for high performance and the delivery of high-quality services. That should be our aim and objective—local government empowered to serve communities in the most effective way, with a sustainable long-term finance system that is not the subject of short-term political squabbling among parties. I hope that Sir Michael will be allowed the freedom to produce his proposals, and that the Government will then introduce sensible proposals for reform, based on his propositions.

5.17 pm

Mr. Andrew Turner (Isle of Wight) (Con): It is a pleasure to follow the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), to whom I shall refer later on, if I may. I do not usually begin a speech by disagreeing with my own Front Benchers, and I do not intend to do so today. However, I should point out to my hon. Friend the Member for Meriden (Mrs. Spelman)—she is no longer in her place—who said that 76 per cent. of people blame the national Government for the level of local taxation, that although that is doubtless true nationally, on the Isle of Wight it is not. There, it is the Liberal Democrats who are blamed for the level of local taxation. The people of the Isle of Wight understand that if one spends more, one has to tax more. The Liberal Democrats do not seem to have understood that point in proposing their panacea of local income tax as an alternative to council tax.

The Liberal Democrats do not seem to understand that shifting the taxation burden from a ratio of 30:70 to 70:30, as the hon. Member for Brent, East (Sarah Teather) suggested—she is also no longer in her place—would place an additional burden on the taxpayer. Such a proposal would be particularly burdensome in areas of low income such as my constituency, which has one of the lowest average income levels in the country and a very small number of higher-rate taxpayers. In other words, it has very few people who could afford to pay the level of tax that translating from the Isle of Wight's council tax to a local income tax would involve. As a result, the rate of tax would have to be pushed up. Nothing that I have heard so far from the Liberal Democrats during this debate has explained how they intend to help people in areas of relatively low income.

Mr. Kevan Jones: Does the hon. Gentleman agree that those of his constituents and mine who are on average earnings would pay more under a local income tax scheme? During the general election, the Liberal Democrats' website verified that two average earners in my constituency—a policeman and a nurse, let us say—would pay more. Alas, that evidence has been removed from the website, as it became an embarrassment to the party.

David Howarth *rose—*

Mr. Turner: The hon. Gentleman is, of course, absolutely right that they would have to pay more: the lower the average income in the constituency, the higher the rate at which local income tax would have to be levied. I have to say that I did not spend much time during the general election looking at the Liberal Democrat website. I had much better things to do, but perhaps we are about to hear an explanation now.

David Howarth: It is no part of the Liberal Democrat proposals that we remove all equalisation between local authorities. We believe that the amount of equalisation is currently greater than is necessary to overcome the disparities between different councils. Unlike the hon. Member for Brentwood and Ongar (Mr. Pickles), I refer to different councils rather than overall regions.

Mr. Turner: I am grateful to the hon. Gentleman for making that clear. We are drawing out some interesting information from the Liberal Democrats. First, we had business rates for second home owners; now we have the idea that some local authorities do not need equalisation. Perhaps the Liberals would place on their website a list of the local authorities that do not need any equalisation. It would be interesting to voters in those councils to know that they are being targeted by the Liberal Democrats to make a bigger contribution to local tax than before.

The problem with local tax is that the more money is spent, the more has to be raised. That is a fundamental fact that the Liberal Democrats will not accept. They will not accept that if a council spends more or wastes money, more has to be taken from the taxpayer. That is at the root of their troubles. That is why my local authority had to raise local taxation over the last four years by almost 50 per cent. I repeat that the Liberal Democrats raised taxes in the Isle of Wight by nearly 50 per cent.—something that even the Chancellor of the Exchequer has not achieved. He managed to achieve a 60 per cent. increase over eight years, but the Liberal Democrats achieved a 50 per cent. increase over four years.

[Mr. Turner]

You will not be surprised, Mr. Deputy Speaker, to know that the Liberal Democrats were roundly rejected in the county council elections, which coincided this year with the general election. Where they, along with their independent allies, had formerly had a majority of seats, they were reduced to five seats out of 48. That is because the people of the Isle of Wight understand that if more is spent and more is wasted, taxation will be greater and it will be local people who have to pay the tax.

By gosh, the Liberal Democrats did waste more. Let us look at how they administered the fire service on the Isle of Wight. It was described as "wholly ineffective" by the Audit Commission, which also pointed out that ideas for change were simply "not taken seriously". Because of the incompetence with which the Liberal Democrats administered the service, we were in danger of losing not only our fire control room, but entire control over the fire service from the island to the mainland.

On highways, the Liberal Democrats were criticised by an Audit Commission report three years ago not only for having some of the worst roads in the country, but for not spending the amount of money set aside to improve the roads.

On schools, we found, in the words of the Liberal Democrat portfolio holder for education, that standards were "too low" and "County Hall leadership wanting". Those were her words, so what was the Liberal Democrat solution? It was to spend £500,000 on a report about how to improve standards in schools. However, that report came up with nothing about improving standards, only with a reorganisation. It produced nothing about standards; it was all about structures—precisely the sort of thing that the Government criticise. It came up with a £70 million reorganisation with no idea of where that money would come from. It is not surprising that the Liberal Democrats went into the election somewhat lacking in the confidence of my constituents on the Isle of Wight.

The crowning glory of the Liberal Democrat election campaign was their proposal for a tourist tax. You will be aware, Mr. Deputy Speaker, as are many hon. Members who visit my constituency, that the Isle of Wight is a glittering jewel in the tourist industry, which serves many people from all over the country very well. It is a very popular place to visit, but three months before the local election, the Liberal Democrats dreamt up the idea of a tourist tax. They disguised it, of course, as Liberal Democrats often do, and called it a visiting vehicle tax. Whether people arrive by ferry or by air, most use a motor car to get around the island—

Mr. Kevan Jones: Have we not had an announcement today of a new tourist tax that would affect the Isle of Wight and many of the hon. Gentleman's constituents, because the Liberal Democrats have announced that they would impose business rates on holiday homes?

Mr. Turner: Indeed, but I am not sure of the consequences. It would take more research than I could expect the Library to do in a few minutes.

The proposal was one of the most un-thought-through of even a Liberal Democrat manifesto, because the consequence of a tourist tax is to drive tourists away.

Mr. Pickles: Is my hon. Friend aware that that is not the only tourist tax that the Liberal Democrats suggest? They are also suggesting a tax on hotel accommodation.

Mr. Turner: I assume that the Liberal Democrats want everyone who comes to the Isle of Wight to walk there on water and then live in a tent. When they calculated the effect of their tourist tax, they did not allow anything for collection. Eventually, they were forced to claim that the tax would be only about £1 a tourist. How much would it cost to collect £1 from every tourist, but not from those who live on the Isle of Wight? I would imagine that it would cost more than £1 to collect that, so the poor benighted taxpayers of the Isle of Wight, had they been foolish enough—thankfully, they were not—to re-elect the Liberal Democrats to county hall, would have paid more to collect that tax than it would have raised.

The record of the Liberal Democrats on the Isle of Wight speaks for itself and it is reflected in Liberal Democrat councils up and down the country. They sold a property for £100,000 that was subsequently sold for £1 million, a loss of £900,000 to the taxpayers of the Isle of Wight. It was the Prince Consort in Ryde, in case anyone wishes to queue up for another property at such a price. They should bear in mind, however, that the new administration will take more care to sell things at their proper value. The Liberal Democrats also rented some office accommodation, called Enterprise House, for £300,000 a year and then left it empty. They built a lay-by for £250,000 and employed four chief executives in four years. They held a very successful pop festival, now in its third year, but they budgeted £30,000 for it in the first year and spent £380,000. They also tried to sell a property known as Northwood House, but they had to pay compensation to the prospective purchaser, because they discovered that they did not own the property after he had incurred considerable expenditure. That is the record of the Liberal Democrats in my constituency.

When the right hon. Member for Greenwich and Woolwich, the former Minister, undertook his balance of funding review three years ago, the county treasurer predicted that the Liberal Democrats would have to put up local taxes by 11 per cent. to account for the loss of money that the Government would take away. In the event, the Government gave the council more money—unlike most Conservative councils—so I led an all-party delegation to meet the right hon. Gentleman. Out of his munificence, he took £1 million from Hampshire and gave it to the Isle of Wight. The total benefit has been £13 million over the past three years, but the reaction of the Liberal Democrats was not to increase council tax by 11 per cent., but to increase it by 14 per cent.

That is the record of the Liberal Democrats. If one spends more, one has to tax more. That is what drove the Liberal Democrats out of control after 20 years in county hall on the Isle of Wight and will doubtless do so elsewhere. It is said, "If it ain't broke, don't fix it." Well, I recognise that the local government funding system is to some extent broke, and needs to be fixed. If it is to be fixed properly, we need to identify the causes of the breakdown before we try to fix it. The cause of the breakdown, whether it is the Liberal Democrats locally or the Labour Government nationally, is trying to screw

too much out of the taxpayer. We should all remember the message that if one spends more, one has to tax more.

5.29 pm

Alison Seabeck (Plymouth, Devonport) (Lab): I have listened to the debate with great interest but with sadness, because it is depressing that after eight years in opposition the Conservatives have failed to come up with any detailed proposals for a replacement for the tax they introduced in such haste to replace the deeply unpopular poll tax. This Government understand the need for a detailed and thoughtful approach to this complex subject.

For the Opposition to give an open-ended commitment, which would have to be met by the general taxpayer and central taxation, to support pensioners, whether well-off or not, is rash. Their sweeping commitment takes no account of the annually changing local government tax-raising level. The Chancellor of the Exchequer of course fully understands that position, which is why he has ensured that this year pensioners were protected from the excessive pressures put on them by council tax increases.

The Conservative proposals—I say that generously, as we have heard only one idea—do nothing to assist hard-working families or students. If additional payments to pensioners are to be made, the funding would have to be found from other taxpayers. Surely, it is better to work towards a fairer system of local taxation, so it is right that Sir Michael Lyons be given time before reporting to consider fully the implications of all the issues, such as rebanding, revaluation, council tax benefit, and how any changes will affect all groups in our society. He, too, understands that we cannot have a property-based tax without a revaluation process. Just about everyone understands that, apart from Her Majesty's Opposition.

The Opposition fail to understand the complexity of the local taxation system, but the Liberal Democrat proposals are seriously problematic, too. The hon. Member for Bournemouth, West (Sir John Butterfill), who is not in the Chamber at present, made an effective demolition of the Liberal Democrat local income tax proposals. Have the Liberal Democrats considered the impact of those proposals, especially on the accounts departments of small and medium-sized businesses? Those businesses would have to cope with individual workers living in different local authority areas, all with different levels of tax, and who might, when they moved house, be required to have a complete reassessment of their tax position. That is a recipe for complexity, delay and error.

Mr. Davey: Has the hon. Lady read the Chartered Institute of Public Finance and Accountancy report, in 2004, on local income tax? It shows that pay-as-you-earn coding could be altered so that the employer had all the details of each employee, so no change would be needed and the system could operate exactly as it does now at no extra cost.

Alison Seabeck: I have read elements of the report and I do not agree with the hon. Gentleman's assessment or indeed some of CIPFA's comments.

I will not revisit the problems of local income tax as they were extremely well highlighted in the contribution of my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford).

Mr. Kevan Jones: Is not one of the complexities of this crazy local income tax scheme that the tax could vary in different parts of the country? The situation could be complex for the accounts department of a local employer with employees who lived in a variety of places.

Alison Seabeck: My hon. Friend is right.

I close by saying to my hon. Friend the Minister for Local Government that I look forward to the review and report of Sir Michael Lyons and to the detailed consultation and debate that will, I am sure, take place in the House.

[Interruption.]

Mr. Deputy Speaker: Hon. Members who are desirous of catching the eye of the occupant of the Chair should signify that by rising in their place.

5.34 pm

Mr. Philip Dunne (Ludlow) (Con): Thank you, Mr. Deputy Speaker. I had not appreciated that the hon. Lady would conclude her remarks so rapidly.

I am interested in the debate because council tax was the issue above all others that was raised with me on the doorstep during the election. That may have been due to the accident of council tax bills arriving shortly before the election was called, but the issue is alive and well.

It is important for Labour Members to hear the experience of those of us who represent rural seats, because in the Ludlow constituency, which I am honoured to represent, there are no longer any Labour elected representatives, except for one on Bridgnorth district council who gamely bears the flag. However, there are no Labour candidates standing in South Shropshire district council. Consequently, it is very hard for those who are interested in supporting the Government to do so in my constituency, I am pleased to say.

We in the Ludlow constituency have a regrettably low average income. I will return to that in a moment, but it colours my remarks. Council tax is a severe burden on many people in my constituency—especially for those on fixed incomes, and pensioners, as other hon. Members have remarked—but we are fortunate in that we can compare and contrast the approach that at least two Opposition parties adopt to the levying of local authority bills. We have two district councils in the Ludlow constituency—South Shropshire, which is dominated by the Liberal Democrats, and Bridgnorth, which is led by a Conservative and independent administration—and I should like to share with hon. Members the contrasting approach to council tax of those two authorities.

Eighteen months ago, the Liberal Democrats proposed a medium-term financial strategy, with a staggering 9.5 per cent. a year increase in council tax proposed for each of the following three years. They

[Mr. Philip Dunne]

were only prevented from introducing such a high increase thanks to the Deputy Prime Minister choosing to reintroduce the capping of local authorities and their fear that that might happen both last year and this year ahead of the general election.

By contrast, I, who happened to be leader of the Conservative group on South Shropshire district council, proposed a zero per cent. increase in council tax, without any cuts in services. Another contrast is provided in our neighbouring authority—Bridgnorth—where the district council rate for a band D property is almost exactly half of that levied by the Liberal Democrat administration in South Shrophshire.

I am pleased to see the hon. Member for Telford (David Wright), who is a neighbouring Shropshire MP, joining us in the Chamber. I have been explaining how difficult it is for members of the Labour party to get representation, but they obviously have a representative in the House.

It may be of interest to hon. Members—certainly to Ministers—to know that, since the Liberal Democrats took control of the local authority in Stockport in 1999, band D council tax has increased by £335, to £1,252, which is significantly above the national average and an increase of nearly 37 per cent. over five years. Stockport has some relevance to the electors of Cheadle at the moment. My prediction is that if we were to go down a local income tax route, those of us who are unfortunate enough to be represented by Liberal Democrat authorities would face considerably larger increases each year than those of us who live in Conservative authorities.

One of the specific problems that I should like to highlight—my hon. Friend the Member for Isle of Wight (Mr. Turner) has referred to this—relates to the balance of funding and equalisation issue and the redistribution of funds raised locally from those areas, such as my constituency, with lower than average incomes. Where incomes are lower than the national average, there are clearly two ways that the amount of revenue could be found: either by substantially increasing the average local income tax levied by that authority, or by increasing further the amount of equalisation funding that would come from central Government.

It is hard to understand how either way would benefit the authority's residents, such as those in my constituency, who would either have to rely on central Government handouts even more than they do at present or suffer a substantial increase in local income tax. The Liberals have estimated a 3.75 per cent. average local income tax if their proposals were introduced throughout the country. We estimate that they would need to raise between 6 and 7 per cent. in our area—roughly double their estimate—to secure the same local authority revenue, because incomes are substantially lower than the national average.

The next point that I wish to touch on briefly is the question of administrative complexity. The Liberals have placed great faith in the Inland Revenue's ability to see through the coding structure and the huge potential complexity of individuals being charged different precepts in different areas. Many of my constituents, particularly in the east of the constituency around Bridgnorth, work outside the local authority area in which they live. The Inland Revenue would have to find out in which county, district, region—God forbid that the regional income tax that the Liberals want is introduced—town and parish those people live, because each authority would have the potential to levy a variable rate. Each individual may move in the course of a year. I accept that, at present, the Inland Revenue has an address, but it would have to be notified each time someone moved.

David Howarth: The Revenue would change the address at the end of the year.

Mr. Dunne: The hon. Gentleman says that the Inland Revenue could be notified once a year, but it would surely have to change the tax coding during the year if a person moved more than once. That point is not taken into account.

The Liberals claim that the Chartered Institute of Public Finance and Accountancy has come to their aid on the point about administration, but it said on 4 March 2004 in its review of the case for a local income tax that

"assuming a variable LIT rate, we have estimated the additional compliance burden"—

on business—

"to be £100 million, based on additional time devoted to administering a large number of annual coding variations".

CIPFA also noted that it would take as long as five years for employers to introduce the necessary changes to their own coding structures and to be ready for the introduction of such a tax. I do not think that CIPFA has helped the Liberal Democrats' case unless they want to impose further administrative costs on business. That may well be the case.

CIPFA has also considered the issue of equalisation and the same report says:

"LIT would ... place greater demands on the need for resources equalisation between areas ... As a consequence, there is a possibility that although the perverse effect of high gearing on the overall average tax rises would be reduced, the ratios for a number of individual authorities could grow wider."

In effect, there would be increasing demands in different authorities for more central Government intervention. That is precisely what many of us are trying to avoid in the existing council tax scheme.

For those reasons, a local income tax would be exceptionally difficult and would not achieve the laudable aims that the Liberal Democrats might originally have set for it.

5.43 pm

Jo Swinson (East Dunbartonshire) (LD): I welcome this debate on a subject that is of great concern to many of my constituents in East Dunbartonshire. The Conservative Members who have spoken are certainly right in one respect—the current system of council tax places an unfair burden on many people, particularly those on low incomes such as pensioners. Across the country, council tax bills have risen faster than inflation as local authorities have struggled to cope with additional responsibilities handed down by central Government, but often without the additional resources

to deliver. Thus the council tax has essentially been used as a stealth tax, often penalising those who can afford it least.

It is a shocking state of affairs that the poorest people pay 6 per cent. of their income in council tax but the richest pay just 1.5 per cent. That surely cannot be right and it shows just how regressive and unjust this tax is. It is only due to get worse with the proposed rebanding exercise. We have already seen what has happened in Wales, where many people are now paying much more. For example, in Cardiff, two thirds of houses went up at least a band. Scotland, thanks to the Liberal Democrats, has a reprieve from the council tax revaluation while the independent review looks into the issue of local government finance.

Mr. Ben Wallace (Lancaster and Wyre) (Con): When I was a Member of the Scottish Parliament, I distinctly remember that the Lib Dems supported a rise in business rates with the Labour Administration. At no time under both coalition agreements—first in 1999 and then again in 2003—was local income tax, or indeed the regressive rate of council tax, raised by the Liberal Democrats at all. Is that not completely contrary to your position here today?

Mr. Deputy Speaker: Order. Before the hon. Lady replies, I remind the hon. Gentleman that he must refer to another hon. Member in the third person.

Jo Swinson: I welcome the hon. Gentleman to the House. He will recall that the Liberal Democrats in Scotland consistently argued that the council tax was unfair. Through the many negotiations in which the Liberal Democrats have taken part, we have secured many policy commitments that the people of England and Wales do not enjoy, such as free personal care for the elderly and the abolition of tuition fees. We are campaigning on council tax and I have put forward a submission to the independent review that argues strongly for getting rid of the council tax and introducing a local income tax.

The main problem with the current system is that it bears no relation whatsoever to people's ability to pay. Many of the people who have complained to me about the unfairness of council tax are elderly, which is not surprising because it is an especially unfair tax for pensioners. They might be living in a fairly sizeable family home, but they have a much smaller income than they did in the days when they were out working and paying the mortgage. We have now reached the point at which no amount of tinkering around the edges will solve the problem. The pre-election bribe to pensioners of a one-off payment to help with their council tax did not fool anyone. The problem is the unfairness of the system, which will not be solved by further complicating the council tax through handouts and making special cases. Instead, the best solution is a local income tax.

During the recent election campaign, I found strong support in East Dunbartonshire for the policy of replacing council tax with a local income tax. In fact, I was moved to speak in the debate following an experience that I had last Friday night. I was knocking on doors in Bishopbriggs—what better activity could there be for a Friday evening—and met a gentleman and his wife to whom I spoke about a range of issues. He said that council tax was the most important issue to him and made a plea to me to keep pushing for a local income tax because the council tax was so unfair. He explained the problems that it was causing him and his wife as a pensioner couple who had bought their semi-detached home many years ago. They did not want to feel forced to move out of their home as a result of council tax bills. I promised him that I certainly would continue to argue for an end to the unfair council tax and its replacement with a fair alternative, so that is what I am doing.

In debates such as this, I often find, as I have today, that incorrect assumptions are made. I represent what has been described as the most middle-class constituency in Scotland, so some might assume that advocating a local income tax would be a vote loser in the affluent area of Bearsden and Milngavie—quite the contrary. Amidst the leafy suburbs, there is hidden poverty, often pensioner poverty. While we in the House might be privileged to earn salaries that are far above the norm, let us not forget the reality in our constituencies. Even in my middle-class constituency, the average household income is less than £25,000. Quite frankly, bandying about figures suggesting that an average household in Britain has two full-time wage earners bringing in more than £50,000 a year just helps to reaffirm in people's minds the feeling that politicians are out of touch. Let us not fall into that trap, because I am sure that no hon. Member here wants to be seen as out of touch.

David Taylor (North-West Leicestershire) (Lab/Co-op): I intend to go directly to the Commons Library to check the hon. Lady's two assertions that she represents the most middle-class constituency in Scotland and yet its average household income is less than £25,000 a year. Those two facts seem to be utterly irreconcilable.

Jo Swinson: That demonstrates my point. If you check the figures, you will find that in Richmond, which many people see as affluent—

Mr. Deputy Speaker: Order. Perhaps the hon. Lady would remember what I said to the hon. Member for Lancaster and Wyre (Mr. Wallace).

Jo Swinson: I apologise, Mr. Deputy Speaker.

If the hon. Gentleman checks the Library figures for Richmond, which many people would agree is an affluent area, he will see that it has an average household income of £27,000 a year. People tend to forget that most households do not have two full-time wage earners. Many households are made up of pensioners, one person earning a wage or people working part-time. That adequately demonstrates my point that politicians are often out of touch with what is happening on the ground.

Finally, I cannot resist noting the irony of the Conservatives calling for this debate. Perhaps that is because I am from Scotland, where the lasting image of the Conservatives is one of Thatcher imposing the poll tax. She used Scotland as the guinea pig, and of course the protests went unheeded until England complained. During the recent election campaign, the Conservative leader said:

"Council tax is the best form of local taxation there is".

[Jo Swinson]

Such disregard for people's huge concerns about the council tax system, coupled with the memory of the imposition of the poll tax and the blatant lack of substance of policy, means that the Tories have no credibility on this matter.

5.50 pm

Anne Milton (Guildford) (Con): It has been said that council tax became unpopular only when it started to increase. That is probably true. There is no doubt that it is a fact in my constituency. It is not only the increase that is the problem, but the increasing knowledge among local people of what is happening to that money. Council tax in Guildford has risen by 92 per cent. since 1997–98. That is, without a doubt, mirrored to some extent in Waverley. We heard that the average council tax on a band D home has gone up 76 per cent. in the same period. Now we all face the revaluation. I cannot tell hon. Members how worried residents in Guildford are about that, and the experience in Wales does nothing to reassure them.

We heard a long speech about local income tax from the Liberal Benches, but I must be allowed my two-pennyworth. What about hard-working families? What about the teacher and nurse who live together? What about the pensioners and their savings, from which they derive a much-needed income? It irritates me enormously when the Liberals refer to pensioners. Some pensioners are slightly wealthier than others. Not all are poor. Some have worked hard all their lives and saved hard, but they are going to be taxed on that income. Also, what about students? What about people in residential care homes and nursing homes? All those people would be hit by a local income tax.

I have a list of all the taxes favoured by Liberal Democrats, who love taxes because they think they keep people in their place. They are: VAT on new homes, stealth inheritance tax, speed camera tax, rubbish tax, plastic bag tax, parking taxes to shop, parking taxes on business, land tax, income tax at a new regional rate and a new local rate, hotel taxes, 4x4 taxes. I could go on—

The Minister for Local Government (Mr. Phil Woolas): Keep going.

Anne Milton: I could, but the fact remains that the local income tax would still be collected by central Government. Nothing local is going to happen on local income taxes.

Hon. Members talked about the various ways of raising money for local services. What is talked about less is what happens to the money when we have got it. That is my problem with the Government. The burden of red tape, regulation, the extra services and the hoops that local councils have to jump through increases yearly.

I defy anyone to find me a local government officer who would not say the same thing. Councils have to provide more and more, and jump through all the hoops, but they are not receiving the funding that should come with it. Local government is without doubt enormously complex, but the increased burden of regulation, red tape and all the things that councils have to do means that it is getting unbearable. Most local government officers feel that there is a tight rope around their waists.

I have campaigned yearly on the council tax increases in Guildford. I even took to the streets and marched from one end of my constituency to the other. It is a shame that people do not take to the streets more often. I did that because of the 92 per cent. increase in council tax for the people of Guildford. It is unbearable. It cannot go on, and they cannot go on paying for central Government regulations that are passed down, with the burden shouldered by local people.

5.55 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I am pleased to participate in this important debate on local taxation, which is probably one of the most pressing subjects that we will consider in the months and years ahead, but is one which, as the Minister said, few people understand fully. I hastily stress that I am with the majority on that. I am certainly not one of those who claim expert knowledge of the intricacies of local government finance.

What I am, I hope, in a position to do is to say a few words about the recent experience of council tax revaluation in Wales, and in particular to draw attention to the resentment and anger felt by many council tax payers in the Principality as a result of what many see as one of the most blatant examples of a stealth tax that we have seen in recent years.

The rebanding in Wales has left a bitter taste in the mouths of many council tax payers who saw their real incomes eroded as they were hit this year by a double whammy of the usual council tax increase and the uplift as a result of rebanding. The rebanding exercise came against a backdrop of a step-change in the burden council tax payers in Wales were being asked to shoulder under the Government.

Between 1998 and 2004, revenue expenditure in Wales increased by 44 per cent. to around £5 billion. That expenditure was funded principally from central Government grants, which increased by 40 per cent. over the period; council tax, which increased by a whopping 78 per cent. over the same period; and the share of non-domestic rates, which increased by only 13 per cent. Council tax payers in Wales are now paying for around 20 per cent. of revenue expenditure compared with 15 per cent. eight years ago. Council tax payers are becoming more important as a source of local government finance and they have been asked to pay more and more. As a consequence, they have every right to ask what they are getting in return for their money.

During the recent election campaign I lost count of the number of people on the doorstep who made the comment that £1,000 a year is a lot to pay for their rubbish to be collected, that being the only service from which they feel they benefit. Many people in Pembrokeshire do not think that the 70 per cent. increase in council tax over the past eight years has bought them significantly improved local public services.

That is the context under which revaluation took place in Wales. When the Welsh Assembly first announced its plans for revaluation, it was claimed that

it would not lead to a significant increase in the taxes paid by Welsh households. It would be revenue neutral, to use that horrible piece of Whitehall jargon. The Labour Assembly Minister in September 2003 stated:

"revaluation is not a means of increasing the total amount of council tax raised, and it doesn't follow that all council tax bills will rise. There will be movements within the banding system and changes in bills, but we estimate that half of Welsh homes will remain in the same band, around a quarter will move down the banding system and a similar number will move up."

The Assembly also pointed out that, as the underlying assumption is that the income from council tax will not change as a result of revaluation, it does not necessarily mean that all those moving up bands will pay increased council tax.

Adam Price (Carmarthen, East and Dinefwr) (PC): It is true in Wales as well as in England that local government is responsible for education, social services and much wider things than just waste collection. Does the hon. Gentleman not think it fair that those core public services should be paid for by an income tax system rather than a property tax?

Mr. Crabb: No, I do not necessarily accept that. Taxation must be transparent and fair. There must certainly be an element that is geared towards ability to pay. My point is about the way revaluation was undertaken in Wales.

So much for the spin from the Welsh Assembly about revaluation. In the event, only 8 per cent. of homes moved down a band, but more than a third moved up. A total of 28 per cent. of homes moved up by one band, 5 per cent. by two bands and almost 1 per cent. by three bands. Nothing breeds resentment and cynicism more than broken promises and misinformation. People in Wales think that council tax revaluation was another stealth tax or a backdoor tax hike. The revaluation process, as proposed by the Welsh Assembly Government, meant that, although there was no change in the headline rate of council tax, local residents faced higher bills. In Cardiff, 64 per cent. of homes went up by at least one band, and Wrexham, Vale of Glamorgan and Powys were particularly hard hit. In my county of Pembrokeshire, 35 per cent. of dwellings moved up at least one band.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will revaluation not be used by the Government to say that council tax as a percentage has not gone up? Following what happened in Wales, as my hon. Friend rightly demonstrated, many more people will pay far more, but the Government will still argue that the percentage raised by council tax has not gone up very much. In England, the amount of money that councils spend will rise, as will the amount of money that they take from people, but the Government will manage to argue that the percentages have not gone up very much.

Mr. Crabb: My right hon. Friend is right. Welsh Assembly Ministers tried their best to say that the average council tax had increased by only 4 per cent. this year, but were forced to admit that, overall, it had risen by almost 10 per cent. Labour Ministers claimed that there would be as many winners as losers, as if council tax were a dodgy fairground lottery, but in the end they had to admit that it had risen by more than 9 per cent. this year.

Mr. Pickles: Will my hon. Friend confirm that, besides the increase for individual households, the amount collected for council tax has gone up by 10 per cent. in Wales?

Mr. Crabb: My hon. Friend has made an excellent point. It is worth bearing it in mind that, behind the numbers, real people are suffering, including pensioners whose only mistake was to work hard and buy their own home. In March, I met a D-day veteran who, within the space of a few short days, received two letters—one from the Pension Service, the other from the county council. One letter informed him of his weekly pension increase this year, the other of his council tax bill for the coming year. Calculated on a weekly basis, his council tax increase more than wiped out any increase in his pension. What was given with one hand was taken away with the other.

That pensioner is not an isolated example. This spring, across Wales, people experienced a serious cut in their income and quality of life as a result of council tax. People in Wales are therefore angry about the council tax revaluation. They are also bewildered and confused about what rebanding means and how it works in practice. Earlier this year, Pembrokeshire householders woke up to a local front-page headline, "5 per cent. council tax rise likely". The report said:

"Pembrokeshire County Council is likely to increase its demand on the council tax payer by five per cent next year."

In fact, the council's demand on the council tax payer for the coming year was almost £28 million compared with £24.5 million last year—an increase of 13 per cent. Many people would like to know how the council can raise 13 per cent. more money from a mere 5 per cent. increase in band D tax. The answer, of course, is to be found in the revaluation exercise, as the tax base of band D properties has swollen from 45,000 to almost 49,000—an 8 per cent. increase. Making comparisons between this year's band D rate and the rate for last year is like comparing apples and pears. The headline figure of 5 per cent. was a gross underestimation of the actual increase.

The Royal Institution of Chartered Surveyors recently undertook research into the revaluation in Wales and stated:

"Council tax revaluation in England will lead to unduly large increases in council tax bills unless the tax bands are readjusted in line with house price inflation."

Looking at the way in which revaluation was conducted in Wales, it said that rebanding was not carried out in line with Welsh house price inflation. It warned that, if the Welsh model were adopted in England, a disproportionate number of houses would move up into higher bands in southern regions, where house prices have risen above the national average since 1991.

In conclusion, taxation must be simple, understandable and transparent, and it must not place disproportionate burdens on the people who pay it. In contrast, the council tax revaluation in Wales was complex, opaque and placed burdens on people. Under the Labour Government, householders in England have

[Mr. Crabb]

every reason to fear revaluation. This tax-hungry Government are running out of options for raising new money, so council tax payers in England should beware.

6.5 pm

Mr. David Jones (Clwyd, West) (Con): As the second Welsh Conservative Member to contribute to our debate, may I say that it is a great shame that there are not any Labour or Liberal Democrat Back Benchers in the Chamber? This is an important debate, and the House has much to learn from the experience in Wales. Wales has shown us the future, and it does not work.

Wales has suffered far more pain as a result of council tax in the past few years than virtually any other part of the country. In Denbighshire and Conwy, whose councils cover my constituency, the average band D tax has almost doubled over the past eight years. The position has been made infinitely worse by the revaluation exercise that has just been implemented in Wales. We were told that the exercise would be fiscally neutral, but, in Denbighshire, 29 per cent. of households have been rebanded upwards, while only 8.5 per cent. have been rebanded downwards. In Conwy, 32 per cent. went up, while only 6.5 per cent. went down. In the ward of Llandrillo-yn-Rhos in my constituency, more than 40 per cent. of homes have been rebanded upwards.

The rebanding exercise is wholly unfair and amounts to a tax on house price inflation. Across Wales, there have been dramatic council tax increases. Some householders in my constituency have experienced increases this year of over 22 per cent, but the rises caused by rebanding are not simply reflected in comparisons between past and present band D figures. In Conwy, the average council tax has increased by 121 per cent. since 1997, while in Denbighshire the average increase is 105 per cent.

Those increases have not been accompanied by an improvement in services—quite the reverse. Rebanding generates additional local revenue, but a sum in excess of that revenue is withheld by the Welsh Assembly from the local authority, whose general budget is therefore affected. Consequently, many thousands of Welsh council tax payers are paying substantially more tax for unimproved services. As my hon. Friend the Member for Meriden (Mrs. Spelman) said, that additional tax is an unashamed wealth tax. In fact, it is a stealth wealth tax, because it does not even have the decency to declare itself as a wealth tax.

The council tax system certainly needs to be amended and revised, but I caution the House against going down the route of rebanding and revaluation. The Welsh experience is a bitter one and, if it is writ large across England, the Government will be in severe trouble with taxpayers. As for the Liberal Democrat proposals for a local income tax, most average earners—the people on £35,000 or so a year cited by the hon. Member for Twickenham (Dr. Cable)—would think that something was terribly amiss if they had to pay an extra £600 a year for unimproved services. I urge the House to accept a warning from Wales, and beware the future.

6.9 pm

David Howarth (Cambridge) (LD): I shall deal with some of the points raised in the debate, starting with the assumption by the hon. Member for Clwyd, West (Mr. Jones) that average incomes in this country are £35,000. That shows how out of touch he must be with ordinary lives. Average household income in the United Kingdom is about £26,000. The idea, as the hon. Member for Meriden (Mrs. Spelman) suggested, that under local income tax an average couple would find their bills rising by £650 seems to assume that the average couple in her constituency, or at least in her head, receive an income of around £50,000. That is extraordinary. Hon. Members should realise that people on salaries such as ours are in the top few per cent. of the population by income.

Hon. Members, including the hon. Member for North Durham (Mr. Jones), who is no longer in his seat, have been concerned about two-earner couples. Figures from the Institute for Fiscal Studies show that half of two-earner couples would be better off under local income tax. Of course, it depends which band they are in at present, but in any case only one in 10 households has two full-time earners.

The question of beneficiaries from local income tax was raised. Contrary to what the hon. Member for Meriden said, the main beneficiaries would be pensioners and the low paid. During the election I met people in my constituency who were paying £1,000 in council tax on an income of £10,000. In one extraordinary case, someone was paying £1,300 on an income of not much more than £10,000. I challenge the other two parties to tell those people face to face that they think a tax system that does that is in any way fair. The council tax is an extraordinarily regressive tax. The local income tax provides a permanent solution to the regressive nature of that tax, not just a one-off that might work for a few people for a short time.

The idea has constantly been repeated that under local income tax, each local authority would collect the tax. That is not how it works in any other country in which it works properly. The system is administered by the national tax authorities and the same rules apply to local income tax. There is no requirement at all for a separate administration in separate local authorities.

Various hon. Members, including the hon. Members for Guildford (Anne Milton) and for Bournemouth, West (Sir John Butterfill) and, very surprisingly, the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), confused setting the rate and collecting the tax. It is quite possible for local authorities to set different rates, yet for the tax to be collected through the national revenue system. The right hon. Member for Greenwich and Woolwich tried to make out that only PAYE payers of income tax would be caught by local income tax. That is not the case.

Mr. Woolas: I think the hon. Gentleman will find that my right hon. Friend was quoting the Liberal Democrat spokesperson on PAYE as the basis of the local income tax. If the policy has changed, I should be grateful if the hon. Gentleman would let the House know. On his main point about collection, could he clarify the answer to the

other question raised: where would the local income tax be assessed—on the place of work or the place of residence?

David Howarth: Clearly, local income tax would be assessed on the place of residence. I am not aware of any policy change. The policy has been unchanged for many years. I do not understand where the right hon. Member for Greenwich and Woolwich got his idea from.

Mr. Woolas: I am grateful for that clarification, for which I have waited about 18 years in various debates with the Liberal Democrats. Can the hon. Gentleman confirm, therefore, that in a central Manchester location—say, British Aerospace—workers working alongside each other would pay different rates of local income tax?

David Howarth: Indeed. That is correct in all places that have local income tax. As I tried to make clear in an intervention, the Revenue already knows where people live. That is how people receive their coding notices.

Mr. Woolas *rose—*

David Howarth: I give way for the last time, as this is technically a Back-Bench speech.

Mr. Woolas: I am asking these questions in a spirit of genuine inquiry. On the point made by the hon. Member for Bournemouth, West (Sir John Butterfill), does the hon. Gentleman accept that because labour is more mobile than property, such differentials in local income tax are likely to produce a rapid movement in labour—that is, people moving into lower income tax councils—than is currently the case with council tax?

David Howarth: That has not been the experience in the rest of the world.

One hon. Member raised a point about student nurses, which my hon. Friend the Member for Brent, East (Sarah Teather) answered, although I am not sure other hon. Members heard her answer. The bursaries that student nurses receive are not taxable. According to the basic rule, the tax system locally and nationally would be based on the same tax code, so student nurse bursaries would not be taxable under local income tax either.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Will the hon. Gentleman give way?

David Howarth: No, I am sorry. I do not have much time left. I might give way at the end, if I have some time.

Mention was made of shared houses, which are often very large. The comparison must be made not with the average band of council tax, but with the actual band within which those houses fall. That is likely to be at the higher end, possibly even in band H. Even a single-earner household in band H can find itself not losing from local income tax on an income of almost £75,000 a year.

Another point that was raised quite frequently related to tax avoidance. As we tried to make clear in the debate, our view is that second homes should be treated as businesses. They would therefore fall to be taxed under our land value taxation proposal. Our view is that that also meets the worries about foreign-owned properties.

Mr. Pickles: If a property is occupied all year round, every day of the year, would it fall into that category if it was owned by a foreign national?

David Howarth: As I said, second homes would fall under the business rate regime and taxpayers would have to opt for which of their various homes was their main residence.

The hon. Member for Southampton, Test (Dr. Whitehead) raised a good point about business rates. One important point that he did not seem to take on board was that if business rates are relocalised, the ratio between national and local tax-raising is automatically changed, and our proposal is to relocalise business rates.

The hon. Member for Nottingham, North (Mr. Allen), who I am sorry to see is not in his place, and who did not have an opportunity to speak, raised an extremely important point about the connection between financial settlements and the constitutional settlement. I agree entirely that there needs to be a new constitutional settlement between national and local government, as well as a new financial settlement. The two must go together.

The hon. Member for Bournemouth, West asked a simple question—who would pay under local income tax? The answer is people who pay national income tax. It is not true to say, as various hon. Members have tried to argue, that there would be no redistribution under the local income tax proposal. There is redistribution under all local taxation systems. The various questions about tax bases are misplaced.

I was somewhat surprised at the contribution of the hon. Member for Ludlow (Mr. Dunne) who at one stage in his remarks said that under the local income tax proposal, there would be a massive increase in tax in his area, assuming that there would be no redistribution. He followed that with his second criticism, that the redistribution under local income tax would be too great. He cannot have it both ways. He must make one criticism or the other.

No taxation system is perfect, and none is likely to be popular, but our local income tax proposal is fair, efficient and cheap to administer. It uses an existing system, it reduces local bureaucracy—there is no need for a local valuation or benefits bureaucracy—it makes decentralisation more possible in the future, it increases accountability and it works elsewhere.

The only opponents of local income tax are those with a vested interest in protecting those on very high incomes. Traditionally in this House they have been members of the Conservative party. I hope that they are not joined in that position by new Labour.

6.20 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): Thank you, Madam Deputy Speaker, for giving me the chance to speak. I thought that it was important that I should do so when my hon. Friends the Members for Clwyd,

[Mr. Ben Wallace]

West (Mr. Jones) and for Preseli Pembrokeshire (Mr. Crabb) decided to allude to the record and the progress of the Liberal Democrats in coalition in that part of the United Kingdom. I thought that I could bring my experience to the House from the Scottish Parliament, where the Liberal Democrats have been in power for nearly seven years now, with the Labour party. I thought also that it might be interesting and important to translate rhetoric into reality under the Lib Dems.

Anyone with experience of the Lib Dems in power, either in a local authority or an Administration, as in Wales or Scotland, will find that that reality is different from the stated policy aims of their party. As I said to the hon. Member for East Dunbartonshire (Jo Swinson), when the Lib Dems came into power with the Labour party in Scotland, one of the first things they did was to vote to increase the business rate. Under the current system they made Scotland less advantageous as a country in which to settle a business than the other countries of the United Kingdom. That shows clearly that there is a difference between what the Lib Dems say and what they do.

In neither of the coalition documents—the documents set down, first, with Donald Dewar, a former Member of this place, and with Jack McConnell, the First Minister of Scotland—did the Lib Dems ever raise the unjust system of council tax and the demands to reform it. That campaign was not part of those documents. Interestingly enough, the Lib Dems wanted to reform the voting system for local authorities. Clearly it was more important to get themselves into power first before they tackled incomes and the difficulties for people in terms of council taxes.

I represented the north-east of Scotland—Aberdeenshire—where I was under a Liberal Democrat council. Many Members may remember that during the recent general election the Liberal Democrats campaigned on local issues, including saving bus services. The Lib Dem candidate whom I faced campaigned to prevent Lancashire county council from cutting bus services, even though the council was under Labour control and it was not going to cut bus services. Under the Lib Dem administration in Aberdeenshire, school bus services were cut. There we go again. We also saw our council tax raised to a higher and higher level every year. It is important to contrast rhetoric with reality.

There is talk of free personal care. The hon. Member for East Dunbartonshire laid claim once again to that, but it is important to note that the Liberal Democrats voted on two separate occasions in the Scottish Parliament against free personal care.

Madam Deputy Speaker (Sylvia Heal): Order. We are not discussing free personal care, but local council tax.

Mr. Wallace: I am grateful, Madam Deputy Speaker. I am trying to point out the difference between rhetoric and reality in the context of the Liberal Democrats. That leads into the detail of income tax.

I am a member of the party that introduced the poll tax. The hon. Member for Carmarthen, East and Dinefwr (Adam Price) pointed out that trying to link the use of services to the rate of pay was, in one sense, a noble aim in that a poll tax should be based on consumption. However, problems were faced when the poll tax was implemented. Local income tax seems an attractive policy on the Lib Dem website, but when we start asking questions about PAYE and how the tax will deal with large-scale redundancies in an area, issues arise about the income base. For example, my constituency is next to British Aerospace and Springfield nuclear fuels. There is also a manufacturing plant in Calder Vale, which recently announced a fairly large number of redundancies. How would local income tax respond to that, for example? There are more than 3,000 jobs—perhaps 10,000—that are reliant on British Aerospace.

David Howarth: I am grateful to the hon. Gentleman for allowing me to intervene given that I did not allow him to intervene on me.

The answer is that in the current year there would be no change and no problem. The grant would be as it was in the previous year. The redistributive system would be able to adjust in the following year.

Mr. Wallace: It is interesting to consider what we would be saying to the boundary committee. In future, it would have to redraft boundaries to take into account redundancies for the year before or the year before that. We would all find ourselves within peculiar district or county boundaries, which would be redrawn not on the basis of geography but on that of income. That has to be noted.

As for students, I take the hon. Gentleman's point that bursaries would not be taxed. However, there is a range of students who do not receive bursaries but who earn income. There are some who perhaps pay tuition fees. They go out and earn during all their holidays or during term time. If their earnings are above the threshold, do they suddenly become liable for local income tax? All students who currently have a de facto exemption would be brought into the tax bracket.

Another example is cadets. Armed forces personnel sponsored by the Ministry of Defence as cadets are paid a salary. Every cadetship officer or cadet in any of the armed forces will immediately—I think they get about £7,000 a year—come within the scope of taxation. That means that another group of people will be brought into the system.

I have mentioned the footprint but there is another word of which I am rather suspicious, and that is "affordable". We have heard quite a lot from the Liberal Democrats that the tax will be affordable and that people could pay it. I could live in a large house and have no income, or a low income, or I could choose to sell my house and live in a small house, putting my money into dividends so as to get an income in that way. Affordable is a subjective concept that creeps into the conversation or into policy. What exactly is affordable? That issue must not be overlooked in the long run.

The contrast between rhetoric and reality is interesting. We must consider the record of a party that has set the highest rates of council tax throughout the United Kingdom. Why could we trust it to run a local income tax system? It is interesting that, according to its current policy, it wants to repatriate business rates on a

local level. The income generated by Aberdeenshire has funded a large part of Scotland. On the basis of localisation, however, the constituency of the hon. Member for East Dunbartonshire would lose out and Aberdeenshire would be very rich, thank you very much. That is a peculiar way in which to manage local government finance.

I think that everyone agrees that we are dealing with a difficult issue. However, I agree with those on the Opposition Front Bench that people did not complain about council tax until the level of that tax became higher and higher. There are people who say to me that they quite like the idea of a local income tax. I then go through it, explain it and ask them questions. For example, I ask them, "Would you be upset if your council tax was half the price?" They then say that that is not really the issue. There are many questions still to be answered on local income tax detail. There is PAYE, dividend payments and income from other areas. How will those factors be taken into account?

There are some similarities between local income tax and the poll tax in the sense that the number of people in a house will often determine the rates that people will be paying. There could be three earners in a house. There are many in that position because housing is not very affordable. Many young men and women are living with their parents, which means that sometimes there are three income earners rather than two or one. I have serious concerns about the application of local income tax in reality and I therefore urge the House to support the Opposition's amendment.

6.29 pm

Mr. Jeremy Hunt (South-West Surrey) (Con): I am most grateful to you, Madam Deputy Speaker, as I have spoken only three times in this House and each time you have been in the Chair. I am beginning to think that you must be my lucky charm, and I hope that you will call me many times in the future.

There is no doubt that council tax has several difficulties, including those to do with its structure. However, it is not, as Liberal Democrat Members claim, a wholly regressive tax. Some taxes are purely regressive—road tax, for example. The air passenger levy is a purely regressive tax because one pays exactly the same no matter what one's income or wealth. Council tax is mildly, although not perfectly, progressive, because, broadly speaking, the bigger and more expensive the house one has, the more one pays.

When I was campaigning to win my seat in the last general election, I met a pensioner whose council tax was higher than his pension. There is no doubt that that is a problem. However, it is a question not only of the structure of the tax but of its level. In many places, including my constituency, council tax has doubled since 1997. If one has a mildly regressive tax and then proceeds to double it, a small injustice becomes a big injustice, and that is what has happened. In my constituency, the local income tax cost the Liberal Democrats votes. That was not only because teachers, doctors and nurses saw that their tax would increase, but because in places where Liberal Democrats ran the council, they increased council tax. In my area of Waverley, they increased it by nearly double the rate of Guildford next door. People felt that it was hypocritical of the Liberal Democrats to say how awful council tax was for pensioners, and then, when they had a chance in power to do something about it, to increase it in ways that were painful to those same pensioners. The danger with local income tax is that one not very successful system will be replaced by one that is even less successful.

Mr. Richard Benyon (Newbury) (Con): Will my hon. Friend join me in congratulating the Liberal Democrats on their wonderful website, "Axe the Tax"? That is one of the reasons why I am here, because towards the end of the general election I ended up suggesting to householders that they look at the proposal to see how much more the local income tax would cost them.

Mr. Hunt: I am not accustomed to congratulating Liberal Democrats on their campaigning techniques, but in that respect I wholeheartedly agree with my hon. Friend.

This is, in all seriousness, something that the Liberal Democrats need to consider. My constituency is an expensive part of the world and, yes, there are people on high salaries, but there are also people on low salaries who have to deal with very high costs. I met a couple of teachers who lived together in Godalming. They had bought their first house with their first mortgage, and their combined salary was around £60,000. I accept that in some parts of the country that is a very generous amount of money to live on, but it is not much when one is having to buy a very expensive house and to deal with a mortgage on it. That couple's council tax would increase by about £600 under the local income tax, and they would really suffer. When I talked to pensioners who would benefit from the local income tax, would many of them stop thinking that it was a good idea if I explained to them that the reason why they would benefit is that hard-working young couples would have their taxes increased in return.

On top of that, there are all the problems about the cost of collecting local income tax and about equalisation. That is significant for my part of the world.

Anne Main: Unfortunately, we have exactly the same problem in St. Albans. Even a starter home costs about £200,000, which is more than three times the income of the couple my hon. Friend mentioned. The Liberal Democrats assume that a high house price equals wealth, but that is not so. The biggest flaw with the local income tax is that it takes no account of the fact that many people—often key workers such as police, nurses and teachers—will need to have a huge mortgage to live in areas such as St. Albans, Guildford, and my hon. Friend's constituency.

Madam Deputy Speaker: Order. I am afraid that the hon. Lady must keep interventions brief.

Mr. Hunt: None the less, I am grateful to my hon. Friend for her valid point Madam Deputy Speaker. The local income tax might relieve the pain for some suffering groups but it would do so by transferring it to others who would suffer just as badly and are the very people whom we want to help—those who are just starting on the property ladder, are not on particularly high salaries and may find it hard to make ends meet.

[Mr. Hunt]

The other problem with the local income tax is that of equalisation across the regions. Income levels are very divergent in different parts of the country, and bodies such as the Chartered Institute of Public Finance and Accountancy warn that a local income tax would place greater demands on the need for resources equalisation between areas. One of the big injustices of the current system of local government funding is that Government grants lead to a great deal of reallocation of resources between different parts of the country, and that would have to increase under a local income tax.

David Howarth: It is entirely unclear whether that is true. There are also vast disparities in property values. The question is a relative one between disparities in property values and disparities in incomes. It is not clear that disparities in incomes are much wider.

Mr. Hunt: The hon. Gentleman and I have to accept that neither of us knows the answer to that. The divergence in income levels might be higher than the divergence in property prices, and were that the case there would have to be even more resource equalisation.

Local income tax fails to address the real problem in local taxation, which is that far too high a proportion of the funds spent by local government is not raised locally but distributed from national Government. That leads to all sorts of anomalies in the local taxation system. In the case of my own county council, Surrey, I discovered that a significant amount of its expenditure every year goes towards building cycle lanes, which it has to do on the basis of central Government diktat, not what the voters of Surrey chose as their priorities in electing it. Another significant factor for Surrey county council is that if it gets a bad grant one year, it may find that it has to put its taxes up even though it has been very prudent in managing money.

In dealing with the issue of local taxation, we must ensure that people can vote for a local council that then reflects their choices. We need to reconnect local taxation with the people who pay for those services. In general, councils that tax and spend wisely tend to get voted in—coincidentally, they tend to be Conservative—and those that do not tax and spend wisely do not get voted in. People do not feel that local councils do a job that they can relate to directly or that their choices as voters will have a direct impact on the delivery of local services. That is the real issue, not whether we have a council tax or a local income tax.

6.38 pm

Mr. Eric Pickles (Brentwood and Ongar) (Con): It is a pleasure to follow my hon. Friend the Member for South-West Surrey (Mr. Hunt), who made an excellent speech in which he spoke with great integrity about the problems that his constituents face.

The Minister of Communities and Local Government said three things with which Conservative Members can agree. He is not in his place, but with his customary kindness and courtesy he has given me a note saying that he regrets that he cannot be here as he has a prior engagement. First, we should like to associate ourselves with his remarks about the right hon. Member for Greenwich and Woolwich (Mr. Raynsford). The second matter on which we agree is that those on dual incomes would indeed be disadvantaged through a local income tax. The third point on which we agree is the link between council tax and Government grant and the importance of devolution not only to councils but to citizens. If that is the hallmark of the right hon. Gentleman's approach to local government, he can look to the Conservative Benches for some co-operation.

I was, however, shocked that the Minister did not know that two out of three people who are eligible for council tax rebate fail to claim it. That marks a deterioration; it used to be three out of four people. It must be the only example of deterioration in the take-up of a benefit. I hope that the right hon. Gentleman will examine the matter urgently to encourage those who are entitled to the rebate to take it up.

It was a pleasure to hear the hon. Member for Brent, East (Sarah Teather) speaking from the Front Bench. However, she appears to be in denial about whether the Liberal Democrats voted for revaluation. We have given her the dates and column references for 2003. She has been out of the Chamber for most of the debate, so surely she has been to the Library to check and is in a position to apologise to us for the Liberal Democrats' vote for revaluation.

We voted against revaluation. I confess that there was a time when I believed it was a good idea, but I fear that I was deceived by the emperor's new clothes. Once we realised that the difference between the north and the south and between authorities would remain roughly the same as it was when the council tax was introduced, we did not see the point of spending hundreds of millions of pounds on a revaluation that would get us to precisely the same place. At least we found out that the hon. Member for Brent, East was one of the few remaining true believers in local income tax on the Liberal Democrat Front Bench.

My hon. Friend the Member for Isle of Wight (Mr. Turner) spoke with great passion about the problems caused by local Liberal Democrats on that fine island. He managed to elicit from the Liberal Democrats some discussion of resource equalisation. Under the proposal, there would be more resource equalisation. I therefore look forward to meeting my hon. Friend on the streets of Cheadle, where he will bang on doors and explain that the position in the Isle of Wight and in Durham means that local income tax in Cheadle would have to be a little higher. I was shocked by the accounts of the incompetence of local Liberal Democrats.

The hon. Members for Cambridge (David Howarth), for Brent, East and for Kingston and Surbiton (Mr. Davey) learned a valuable lesson: one should never intervene on my hon. Friend the Member for Bournemouth, West (Sir John Butterfill) unless one is sure of one's facts. One of the pleasures of being here this afternoon was listening to my hon. Friend demolish the local income tax and the interventions.

The right hon. Member for Greenwich and Woolwich appeared to be more robust about revaluation than his successor. The Government, certainly in the press, appear to be wobbling on it, and I look to the Minister for Local Government for a robust statement to the effect that revaluation will go ahead. For our guidance,

we have some views from Mr. Geoff Mulgan, who is now director of the Institute of Community Studies but was formerly the Prime Minister's head of policy. He told the Chartered Institute of Public Finance and Accountancy, as he doubtless told the Prime Minister, that

"revaluation is a complete nightmare just ahead",

and that it was making local government reform "hard to sell". I am sure that he is right and that Ministers have inherited a poisoned chalice. If they have any sense, they will do their best to spit out the poison as soon as possible.

My hon. Friend the Member for Ludlow (Mr. Dunne) spoke of unease about taxation. He spoke especially well about the problems of Stockport. My hon. Friend the Member for Guildford (Anne Milton) considered the problems of hard-working families. She gave us the example of a police officer married to a teacher and provided a long list of Liberal Democrat taxes. If she will forgive me, I should like to quote her predecessor, Sue Doughty, who was defeated at the general election:

"local income tax was a real sticking point for them . . . young professionals such as two teachers living together struggling to pay the mortgage really didn't like the policy".

Andy Mayer, the director of Liberal Future—if that is not a contradiction in terms—said that

"we're not convinced that the association of income tax with fairness is correct".

My hon. Friends the Members for Preseli Pembrokeshire (Mr. Crabb) and for Clwyd, West (Mr. Jones) spoke with great knowledge of the catastrophe that awaits the people of England following revaluation. On Second Reading of the Local Government Bill in 2003, which legislated for revaluation in England and Wales, the then Local Government Minister pledged that

"revaluation will not lead to increases in the council tax yield."—[*Official Report*, 7 January 2003; Vol. 397 c. 53.],

Sadly, that was not the case.

No wonder the Association of London Government recently warned of the likely effect on London of revaluation, based on the Welsh experience. It stated:

"The worrying prospect for London is that Cardiff appears to have fared badly as a result of the revaluation."

Mr. Roger Williams (Brecon and Radnorshire) (LD): Will the hon. Gentleman give way?.

Mr. Pickles: Of course. It is nice to see the hon. Gentleman.

Mr. Williams: I have been here for rather longer than the winding-up speeches. The hon. Gentleman speaks of the nightmare of revaluation. Surely the nightmare is the council tax itself, which places such a burden on the poor and lets the rich off scot free. That has always been a Conservative policy.

Mr. Pickles: If the hon. Gentleman had been here longer, he would have heard more of the arguments, but I shall deal with that point shortly.

I am grateful to my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace) for his knowledgeable contribution.

The Government's dependency on council tax is a case study in addiction. It starts with a small transfer of a little public expenditure to councils, with the addition of the odd unfunded burden on local councils. Only a few people notice, and the Government begin to feel good. Now it has become a habit. Each year, a little bit more is added. Each year, it becomes more difficult to disguise the dependency. Every four years or so, the Government realise that they have a problem and they swear off the habit, only to fall off the wagon in a post-election binge. It will ultimately kill them.

Some people believe that identity cards—the plastic poll tax—will bring the Government down. However, I believe that it is their abuse of property tax—revaluing and adding bands—that will bring them down. Even including an element of local income tax will make no difference. As *The Independent* put it,

"The sensible response, therefore, ought to be to look at the causes of the rise."

The causes of the rise are the causes of the problem. Labour Members and their Liberal Democrat allies are beginning to resemble "Desperado",

"These things that are pleasin' you will hurt you some day".

That day is known: it is 2007. The Government's world will truly rock—to its foundations. They will bitterly regret fiddling the council tax.

6.48 pm

The Minister for Local Government (Mr. Phil Woolas): Thank you, Madam Deputy Speaker, for calling me to speak in this debate. I saw its title, but I should have realised that its real subject would be the Cheadle by-election. The Opposition have clearly not grasped this opportunity to hold the actions of Her Majesty's Government to account. Rather, it has been an Opposition day debate in the sense that the Opposition have been opposing the Opposition, who in turn have been opposing the Opposition's opposition to the Opposition. I think that the watching public will be very confused indeed.

Two Members have taken part in today's debate: the hon. Member for Scaremongering, South, representing the Conservative Front Bench, and the hon. Lady for Naïve, North, presenting the Liberal Democrats' ideas for a local income tax. In relation to the review of the balance of funding between local taxpayers and the national contribution, we should point out that the national contribution comes from taxpayers, not from the Chancellor's back pocket. At the last general election, the Conservatives' formal policy was to freeze the amount of money that would be given on grant to local authorities at 0 per cent. for two years. That renders their protestations over the amount that could be given in rebate—

Mr. Pickles: Will the Minister give way?

Mr. Woolas: The hon. Gentleman has had his chance to put his point of view. My right hon. Friend the Minister of Communities and Local Government quoted the then shadow Chancellor on this point, and that remains on the record.

I should like to answer some of the points raised in today's debate. I hope hon. Members across the Chamber will join the Government in our campaign to improve the take-up of council tax benefit. I do not doubt that many of the problems that have been mentioned are real ones for Member's constituents—I recognise their credibility in that regard—but they could in many cases be addressed by better take-up of that benefit. My right hon. Friend the Secretary of State for Work and Pensions is working very hard on a comprehensive programme to improve that take-up, particularly among pensioners.

The policy of the hon. Member for Brent, East (Sarah Teather), who spoke on behalf of the Liberal Democrats, was teased out, not least by the hon. Member for Bournemouth, West (Sir John Butterfill), the Chairman of the pension trustees. I can see that he retains that position—at least, I hope he does because his grasp of finance has clearly not diminished since the election. Frankly, he demolished the Liberal Democrats' case for a comprehensive local income tax, and he addressed very well the questions of how the tax would be assessed, how resource equalisation should be met, how the area cost adjustment should be taken forward, and how the council tax collection rates could be matched with equal collection rates for local income tax.

The hon. Member for Brent, East did clarify one point. Perhaps inadvertently, she said that she hoped that the balance of funding would shift from 30 per cent. local and 70 per cent. national, as it is now, to 70 per cent. local and 30 per cent. national. My research has quickly shown that that would result in an increase of 10.6p on income tax. That figure is winging its way to the Labour committee rooms in Cheadle even as we speak. The good work force of the Woodford BAE Systems plant in Stockport will now know that not only could they be paying more income tax depending on who they were working alongside, but that it could go up by 10.6 per cent. That is an amazing figure.

I am delighted to pay tribute to my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) who, with typical politeness, has passed me a note apologising for the fact that he cannot be here for the end of the debate. I think it was the hon. Member for Brentwood and Ongar (Mr. Pickles) who urged Members to read my right hon. Friend's articles in the "Municipal Journal". I can tell the hon. Gentleman that, however hard he has been reading them, he has not been reading them half as hard as I have. I congratulate my right hon. Friend on them.

On a serious point, my right hon. Friend said that the goals of local government finance policy were greater certainty, greater equalisation, incentives for high-quality delivery of local government services, and the sustainability of long-term funding with equal, if not greater, emphasis on expenditure control, both through the Gershonefficiencies—the successes of which my right hon. Friend the Minister of Communities and Local Government has already reported to the House—and through macro-expenditure decisions. In the coming Session, we will debate the three-year settlement that we intend to fulfil to bring about that greater certainty and stability.

I should like briefly to reply to some of the constituency points raised. I congratulate the hon. Member for Isle of Wight (Mr. Turner) on his new appointment as Conservative spokesperson on voluntary affairs. He had great fun attacking the Liberal Democrats on the Isle of Wight—an easy target, but he had great fun none the less. I must point out to him, however, that his own council has recently received a 5.8 per cent. increase in its grant from central Government, and above-inflation increases for the past eight years running. I invite him to give the money back if he does not want it, but I suspect that there will not be a cheque in the post to my right hon. Friend the Minister of Communities and Local Government.

David T.C. Davies: Will the Minister give way?

Mr. Woolas: I am sorry, but I shall not be able to do justice to the many intelligent points that have been made if I give way.

My hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) made a brief but very well informed speech, and I look forward to her being able to use the platform of her membership of the House to give us the benefit of her vast experience and knowledge of local government finance. She has found her voice now, and we look forward very much to benefiting from her advice.

The hon. Member for Ludlow (Mr. Dunne) made some important points on his constituents' behalf about the fact that some people in his area are on lower incomes. He asked how that could be taken into account if the Lib Dem policy were to be introduced. That was precisely the question asked by the hon. Member for Bournemouth, West and others: how would greater resource equalisation take place if the local income tax were to be genuinely local? That is the paradox that was teased out of the Liberal Democrats' policy.

The hon. Member for East Dunbartonshire (Jo Swinson) got mixed up when she said that her constituency was the most middle class in Scotland, yet incomes there were under £25,000. I take her point, but she must acknowledge that a couple on average incomes, not on average household earnings, as was suggested, would experience average council tax increases of £600. It is all very well the hon. Lady shaking her head, but if the tax base were based on income rather than property, it would be narrowed, a greater burden would fall on those people paying income tax, who are on the whole members of hard-working families. The Lyons review's remit is to consider whether an element of income tax could be used in balance with the existing property element—[HON. MEMBERS: "Ah!"] This is not news. If hon. Members had read the *Municipal Journal*—or, indeed,

the answers to the parliamentary questions that someone has been writing for them—they would know about this.

We have requested the Lyons review to consider the balance of funding, building on the work that my right hon. Friend the Member for Greenwich and Woolwich has done, and to make recommendations on how best to reform the tax, taking into account the possible impact of revaluation. It will also assess the case both for providing local authorities with increased flexibility to raise additional revenue and for making the shift in the balance of funding that I have just mentioned, and conduct a thorough analysis of options other than council tax for local authorities to raise supplementary revenue.

This has been an interesting debate, if only because it has teased out the differences between the two Opposition parties, both of which are clearly concentrating on what is going on in Cheadle rather than on the Lyons review.

This Government's record in providing a 33 per cent. real-terms increase in resources to local authorities since 1997, providing incentives to councils such as those in Surrey and giving better freedoms to improve services—as the Audit Commission is reporting sustained increases in local services—is one of which we should be proud. We look forward to Sir Michael Lyons's recommendations, and to further debates on this matter.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 160, Noes 340.

Division No. 25] **[6.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Forth, rh Mr. Eric
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paisley, Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Michael Fabricant and Andrew Selous

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Beith, rh Mr. Alan
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair

Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Lamb, Norman
Lammy, Mr. David
Law, Peter
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Rogerson, Mr. Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Ms Emily
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Parmjit Dhanda and Mr. Dave Watts

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 287, Noes 183.

Division No. 26] **[7.14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Law, Peter
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Parmjit Dhanda and Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Bread, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Hayes, Mr. John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paisley, Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Rogerson, Mr. Dan
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Michael Fabricant and
Andrew Selous

Question accordingly agreed to.

MADAM DEPUTY SPEAKER forthwith declared the main Question, as amended, to be agreed to.

Resolved,

That this House welcomes the Government's continuing support for local government with its 33 per cent. grant increase since 1997; notes that the average increase in council tax in 2005-06, at 4.1 per cent., is the lowest increase in a decade, the second lowest ever, and lower than the last three council tax settlements for which the previous Government was responsible; welcomes the Government's engagement with councils to facilitate the delivery of 2.5 per cent. annual efficiency gains in local government; and looks forward to the conclusions of Sir Michael Lyons's inquiry as an important contribution to securing a fair and sustainable system of local government finance for the future.'.

Government Regulation

Madam Deputy Speaker (Sylvia Heal): I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

7.26 pm

Mr. John Redwood (Wokingham) (Con): I beg to move,

That this House draws attention to the escalating cost of regulation and the increasing number of cases where regulation either achieves nothing or does positive harm to those being regulated; urges the Government to produce a deregulation Bill which goes beyond exhortation to better regulation by repealing unnecessary and burdensome laws and rules; encourages the Government to table a programme for the UK Presidency of lesser and better regulation for the EU as a whole; and asks the Government to bring forward proposals which free professionals in hospitals and schools, which cut the costs of controls over elected local government, and allow business in the UK to compete more successfully against Asian and American competitors.

In moving this motion, I am a little bemused by the Government's response. I crafted the wording of the motion myself—it is a veritable pussycat of a motion. My right hon. and hon. Friends have been too generous. They have not said, "Are you losing your touch? Where is the tiger in the tail?" It was deliberately couched in words that I thought Her Majesty's Government would welcome. I have heard many fine words from the Prime Minister; even more remarkably, I have heard sometimes similar fine words from the Chancellor of the Exchequer. It appears that, at times, this is one issue on which they agree: they now wish to run a deregulatory Government. In this motion, I give them a little encouragement, assistance and advice. Its wording is surely unexceptionable—if they are as truly committed as some of the readers of their words might expect.

Our motion

"urges the Government to produce a deregulation Bill which goes beyond exhortation . . . by repealing unnecessary and burdensome laws".

Do I take it from the Government's wish to strike our motion from the Order Paper when proceedings conclude that they no longer wish to have a deregulation Bill—there was one in the Gracious Speech—or do they wish to have a deregulation Bill with nothing in it? Are we to have yet more words and no action? Are we to have deregulation in the title, but nothing actually deregulated? That is very new Labour—very fashionable circa 1997—but perhaps not in the spirit of the modern world.

In the motion, I encourage the Government

"to table a programme for the UK Presidency of lesser and better regulation for the EU as a whole".

Surely they can assent to that very modest proposition. I wanted to include a list of all the regulations that we want repealed—[HON. MEMBERS: "Go on."] Well, we might do that later, if time permits. I thought, in order to be in sympathy with the Government, "Better the sinner who repents." I thought they had realised that they passed too much regulation in their first eight years, and that they might agree to table a paper for the EU presidency containing positive proposals for deregulating the EU. But no, I see from the stony faces of the Government Front Benchers that there is no wish to table a paper setting out matters that can be repealed during the British Government's presidency.

My motion then suggests that the Government

"bring forward proposals which free professionals in hospitals and schools".

I accept that such an idea would probably put me on the ultra-Blairite wing of the rather ragged Labour coalition, but surely it is just within the spectrum. We know that the Prime Minister and the Chancellor are locking horns on this issue. The Prime Minister makes the occasional speech, or allows the occasional briefing to be made to the press saying that our professionals in schools and hospitals need more freedoms, hence the ideas behind the early versions of foundation hospitals and special schools. We know that the Chancellor has been sandbagging those and pulling back, but I hope that the Treasury Front-Bench Members—particularly the Chancellor of the Duchy of Lancaster, who may be on the Blairite wing—may be able to tell us tonight that they need to go further in freeing the professionals who are damaged by the red tape, interference and bossiness that have characterised the eight years of this long Labour Government.

Ed Balls (Normanton) (Lab): Does the right hon. Gentleman agree that the task of any Government is to strike the right balance between regulation on the one hand and minimum standards on the other? Over the eight years to which he referred, does he agree that the introduction of the national minimum wage was the sort of regulation that he should have supported when he was a Minister in the last Conservative Government?

Mr. Redwood: Of course Governments have to find a balance between necessary regulation and leaving individuals and businesses free enough to go about their daily lives and compete. Our charge against the Government tonight is that that is precisely the balance that the Government have struck incorrectly.

Ed Balls *rose—*

Mr. Redwood: The hon. Gentleman has had his chance, and I am merely explaining our position, which is that the Government have regulated too much. That includes too much intrusive labour market regulation. As the hon. Gentleman tempts me on labour market regulation—*[Interruption.]* The hon. Gentleman really must contain himself. If he is lucky in catching Madam Deputy Speaker's eye later, he will be able to tell the whole House in a proper way exactly what he thinks about labour regulation.

The Conservative party believes that there is now too much labour regulation in total. We believe that it is vital for the Government to try to hang on to the opt-out from the working time directive. We are angry that the Government Front-Bench Members say that they want to keep the opt-out, while Members of the European Parliament elected on the Labour ticket are busily trying to undermine them and do the opposite. Perhaps if the hon. Member for Normanton (Ed Balls) makes a speech, he will explain the huge contradiction that lies at the heart of the different elected levels of Labour.

Mr. Stephen O'Brien (Eddisbury) (Con): Does my right hon. Friend recall that, despite being asked, former

[Mr. Stephen O'Brien]

Labour Front Benchers not only refused to condemn the Labour MEPs who repeatedly voted to scrap our valuable opt-out from the working time directive, but urged Conservative MEPs to continue to carry on voting as they were to preserve this country's opt-out? Does my right hon. Friend agree that the Government are in a great muddle over that?

Mr. Redwood: That was an excellent intervention, which shows the hon. Member for Normanton how he should aspire to do better in future. My hon. Friend has put his finger on the crucial point that applies in this interesting matter.

We have before us tonight a lame Government counter-motion, which is so self-congratulatory and complacent that, even coming from this Government, it really beggars belief. On the eve of our presidency attempt to deregulate the European Union and before the Government launch their deregulation Bill, we are invited in the Government motion to praise them for all the wonderful things they have done in producing better regulation. As I hope to demonstrate to the House, the contrary is the case.

The Government have greatly burdened British business. Instead of deregulating, according to the British Chambers of Commerce, they have now added a cumulative £40,000 million of extra costs on British business. Before Labour Members say that there were many fine things in all that regulation, let me make it clear that there is one thing worse than having an unregulated job—and that is having no job at all. The danger of what the Government are doing by piling cost on cost, rule on rule, is that it is undermining our competitiveness in the world economy. The Chancellor constantly tells us that China is a great competitive threat, yet he continues to burden our businesses.

The Chancellor of the Duchy of Lancaster (Mr. John Hutton) *rose—*

Mr. Redwood: Before the right hon. Gentleman intervenes, he may like to remind the House that 1 million manufacturing jobs have gone since the Chancellor of the Exchequer took over in 1997. Part of the reason for that is the huge burden of regulation.

Mr. Hutton: The right hon. Gentleman talks about people having no jobs. Will he tell the House how many more new jobs there are in the UK economy since the Labour Government took office? Is it not 2 million, of which the vast majority are in the private sector?

Mr. Redwood: A very large number of jobs, especially in the public sector, have been created, but the right hon. Gentleman is wrong to ignore the 1 million manufacturing jobs that have gone. That is very serious. We have had several manufacturing recessions—not overall recessions—during the Government's term of office, and Treasury Ministers are quite wrong to ignore the stresses and strains in manufacturing, as they have for so long in government. It is particularly rich for the Chancellor of the Exchequer, who spent so many days and hours in opposition over the long years, to make claims about the statistics. Figures from the Library show that, from time to time, manufacturing jobs were lost under the last Conservative Government, and the Chancellor always led the public to believe that it would be very different under Labour. What he did not explain was that, in respect of job losses, the difference would be consistent and on a huge scale.

Philip Davies (Shipley) (Con): Only last week, a manufacturing firm, Pennine Fibres, in Denholme—a village that is certainly not in the most affluent part of the area—closed down, costing another 80 jobs in my constituency. Part of the reason why that happens is that there is so little expertise among Government Front Benchers at running a business. They simply do not understand the problems they are causing.

Mr. Redwood: I am grateful to my hon. Friend, and I hope that he will convey the Opposition's sadness about those job losses to those who have suffered them. It is a very good example of a more general problem. As businesses have made the Opposition aware, such problems are the result of Government actions. Today, for example—

Andrew Miller (Ellesmere Port and Neston) (Lab) *rose—*

Mr. Redwood: I want to make a little progress, but I am a generous man.

Andrew Miller: Before the right hon. Gentleman moves on from manufacturing jobs, may I tell him that, unlike him, I represent a manufacturing constituency? It currently has 1.4 per cent. unemployment. I accept that many manufacturing jobs have been lost, but that has been the pattern throughout the western world. What regulations—not European regulations, but regulations specific to the Government—would he scrap to make us more competitive with countries such as China and India, where many of the jobs have gone? What changes would he make?

Mr. Redwood: I hope to come on to give the Government some advice.

Andrew Miller: The right hon. Gentleman is frightened to respond now.

Madam Deputy Speaker: Order.

Mr. Redwood: The hon. Gentleman wrongly claims from a sedentary position that I am frightened. I am not at all frightened, as I am sure the House knows, and I am about to come on to the regulations that we believe. should be repealed in forthcoming Government legislation to make us considerably more competitive.

Before I finish this general point, it is worth reminding the House that we read from an extensive brief in one of the leading newspapers today that the Government now believe that the total cost of regulation each year is £150 billion. Indeed, the very arresting headline said that regulation now costs everyone more than the Inland Revenue charged us all in income tax. It is a terrifying figure. Those who saw the article will know

that it continued by pointing out that a team of about 80 officials are working away over a nine-month period to try to come up with an entirely accurate costing. *[Interruption.]* I am asked whether the figure is true. I cannot verify it completely tonight, having only seen it this morning, but it seems a pretty good ball park figure and it feels plausible, given that we know that the cumulative total of extra regulation under the Government is £40 billion. They inherited some of that, but made it worse through over-implementation.

Dr. Julian Lewis (New Forest, East) (Con): Perhaps I can throw a little light on just a fraction of that burden. Is my right hon. Friend aware that Hampshire county council, which has consistently been rated excellent without the necessity for all these targets, has supplied me with a list of more than 22 A4 pages listing 400 indices, targets and standards of performance on which it is obliged to report. It uses up resources equivalent to the employment of between six and eight teachers in simply reporting back to the Government on the extent to which it has managed to meet the overwhelming burden of targets imposed on it.

Mr. Redwood: My hon. Friend makes a powerful point. It is one of many examples that Members could provide, and some will, about the huge impact of such regulation and how it diverts people and money from things that are worth doing—in my hon. Friend's case, the good example of providing more teachers—to things that are not worth doing, which amounts to bossiness gone mad.

The Government churn out more than 4,100 new regulations a year, or 16 for every working day. Our position in the world competitiveness league, as measured by the World Economic Forum, has fallen from fourth when the Government took office, to 11th today. They should be extremely worried by that.

What could we do? Several straightforward steps could be taken, by a deregulation Bill, which we have been promised, and through the mechanism of the EU presidency, with the UK guiding the agenda with our partners in Europe on the regulations that fall from the Brussels printing presses. After all, the Government are undoubtedly good at one or two things—[HON. MEMBERS: "Hear, hear."] Well, Labour Members will love this. One of those things is making ever more rules and regulations that become the bane of our lives. Some of those regulations miss their target, some hit the wrong targets and some, such as ID cards, are regulations in search of a target, as the Government try to find something that the cards could achieve, having decided that they must tie us up in knots with that legislation.

There are the regulations that try to protect us when we do not need protecting. The vitamin supplements and food additive regulations are the combined effort of Brussels and this Government. As always under this Government, we have gold-plated those regulations and steamed ahead to implement them this summer. They were of course too sensible to implement them just before the general election. Even this Government realise that the regulations are mightily unpopular, but they will be implemented this summer. That will mean price increases and bans for popular products, affecting millions of people who would like to continue to be able to buy them.

We read, in briefings from mysterious sources, that the Prime Minister himself is aware of how foolish and unpopular the regulations will be. I praise Carole Caplin, because I understand that she is a sage adviser on that issue and I wish her every success in strengthening the Prime Minister's arm against those regulations. Will the Government promise tonight that they will take counter-proposals to Brussels on that issue? Will they try to sort it out before it grinds its way through the courts? Will they accept tonight that the regulation is unnecessary and that they should use some political capital to get it rescinded in Brussels?

Then there are those regulations that seem to have no purpose at all. Identity cards started life as a means of stopping illegal immigrants entering the country. When we pointed out that people need a passport to enter the country and that there was no need to require a different document that was available only to those established as British citizens anyway, the Government backed away from that proposal and said that ID cards could be used for crime busting. The quality of criminals is probably higher than the Government reckon, so I suspect that few burglars will take their ID cards with them and drop them on the doormat before they leave the house with the goodies. Short of that happening, it is difficult to see how ID cards would have a huge impact on catching criminals who break into our homes or do damage to our cars. Now, we are told that ID cards will combat identity theft. Apparently, that is a growing and serious crime and the Government think ID cards will combat it when national insurance numbers, passports and other means of identification, including driving licences, cannot. Next week, ID cards may be an essential aid for anyone who has to go to a computer dating agency to sort out their social life.

Then we have the regulations that are over the top and silly, out of all proportion to the possible risk. We have the risk assessments that are now demanded by some councils before people can undertake sponsored walks. I read about a case a few weeks ago when the council said that the person organising the sponsored walk had to walk the circuit three days in advance and ensure that there were no dangerous rabbit holes. If there were, the organiser had to ensure that everybody on the walk was fully briefed about them before going on the walk. However, nobody told the rabbits, any of which could have dug a dangerous hole between the reconnaissance and the briefing. I wondered whether the briefing would cover that crucial point. Can the Government not see that that is ridiculous and put something in the Bill about proportionality to try to calm down such activity?

David Taylor (North-West Leicestershire) (Lab/Co-op): I am tempted to suggest that we follow the American example and have a "Warren" commission to investigate the matter. On a serious point, perhaps the right hon. Gentleman is being a little unfair to local government, which often responds to the pressures and constraints of its insurers. It is not necessarily the local authorities that pursue such issues to the point of lunacy.

Mr. Redwood: I think that local authorities are pursuing the Government's agenda, and they must send a new signal.

[Mr. Redwood]

Another example is the regulation of school trips. I printed off the website the forms that have to be filled in before children can be taken on a school trip.

Mr. Anthony Steen (Totnes) (Con): Is my right hon. Friend aware that the Health and Safety Executive now has some 9,000 officials? They have recommended that the hairbrushes should be withdrawn from the Members' Cloakroom on the basis that we may catch nits or AIDS. They are also of the view that Members should not use kettles in case we burn ourselves, so we all now have hot-water systems. Is my right hon. Friend aware of these ridiculous attitudes, which mean that the HSE affects us even here?

Mr. Redwood: I am grateful to my hon. Friend for a powerful intervention. However, if I were to assert that there were nits in the House, it might be deemed unparliamentary language, so I shall not go any further down that route.

Nine different forms have to be filled in before a teacher can take children on a school trip, and if a swimming pool visit is involved, another two are added. I shall not read the forms out, but they are bizarre in their detail and complexity. Of course, teachers should need permission and should behave reasonably—I am sure that they do—but they should not need to fill in nine forms. The regulations are becoming an impediment to organising trips and it is easier not to bother.

Then there are regulations that achieve the opposite of what was intended. The common fisheries policy is perhaps the best and biggest example of that. In the name of conservation, fishermen are told that they have to hurl dead fish back into the sea if they catch the wrong kind of fish. That means that they have to go and catch more of the right kind of fish for people to eat, instead of being able to sell the dead fish and avoid having to rape the seabed further. That is madness. The Government must recognise that and either use some of their influence in Brussels to achieve a fundamental revision of the CFP or repatriate the policy, as the Conservatives wish to do.

Then there are regulations that miss the target. The Government's policy for tackling road accidents and deaths—an important issue—has been based almost entirely on the control of speed. They have not been deterred by the fact that less than one in 10 of all accidents on the road has speed as a prime or important cause and they have ignored all the evidence that shows that many dangerous accidents occur well below the maximum speed limit at junctions with a conflict of traffic and different types of users on the same road space. Because the policy rested on speed cameras, we had a reversal in the trend for several years and road deaths started going up again. I am pleased that figures for the most recent year show an overall fall, but in the area most dependent on speed cameras—north Wales—the trend in deaths and serious accidents has continued to rise. The Government should consider that and accept that their single over-regulated policy is not working, because it does not tackle the causes of the problem.

Adam Afriyie (Windsor) (Con): Does my right hon. Friend agree that we have a complete imbalance in regulation? On the one hand we have some 5,000 deaths a year on the roads—[HON. MEMBERS: "Three and a half thousand."] I meant approximately. On the other hand, the use of certain mineral and vitamin supplements will be banned even though there are few, if any, recorded cases of anybody dying from their use.

Mr. Redwood: I am grateful for my hon. Friend's support, especially on the vitamin supplements, because there is no problem with them for the regulation to solve.

Then there are the regulations that seek to make people's lives difficult by being unnecessarily complicated. For example, there are the regulations for people seeking to obtain new pub licences to sell alcohol. The paperwork is enormous. I do not have time to read out any highlights, but there are pages and pages of information. I have identified 24 forms and guidance notes that people will have to wade through to see which is appropriate for their case; everything from feedback forms to premises licences, variation licences, personal licences, club premises certificates, provisional statements and so forth. Anyone trying to run a pub or club now has to wade through 24 items—probably with a lawyer helping them—simply to stay in business. The Government must be extremely worried that so many pubs, clubs and other businesses have not yet applied for premises licences, and that so many people in the trade have not yet applied for personal licences. The deadline is close and there could be chaos in due course, because the Government have made people's lives impossible and caused them so much difficulty.

Mr. Stephen O'Brien: Does my right hon. Friend recall that nine months ago the Department for Trade and Industry, the arch-regulator of Departments, had to pulp, at a cost to the taxpayer of about £203,000, the dispute resolution procedure for employers and employees? The procedure made things even more complicated by pretending that it was a one, two or three-step process; in fact there were 13 steps. Even the TUC criticised the regulations, saying that they were too complicated and more likely to cause confusion than to solve workplace problems, and the Federation of Small Businesses condemned them as a potential minefield for small firms. Does my right hon. Friend agree that that is another example of over-complication, missing the target and Government irresponsibility?

Mr. Redwood: It is another fine example and I am grateful to my hon. Friend.

Peter Bottomley (Worthing, West) (Con): Will my right hon. Friend join me in asking Ministers to tell us whether they have made a survey of the working men's and other voluntary clubs and sports clubs that have been caught up in the drink licensing regime? Amateurs who run such clubs often have to hire the skills of professionals and pay for them, as well as paying more in fees.

Mr. Redwood: That is an extremely good question and I hope that the Minister will respond.

Much of the regulation of the public sector distorts professional judgments and does damage to the public services that people are trying to run. The education and

health targets substitute political priorities for the things that teachers and doctors would do based on their professional judgment. In hospitals, we need to trust the professionals to assess clinical risks and to make their own decisions within the resources available. In the education sector, we need to trust teachers rather more. Instead, a whole army of targets pours forth from Whitehall; there are endless advice notes and guidance notes making it extremely difficult for people to do the job on the ground.

Local government is tied up in knots by the Government. They sometimes say that they like the idea of more devolved local decision making but in practice they take power to the centre. We would like to see the end of the best value and comprehensive performance regimes, which would save £1,000 million in unnecessary overheads and free our councils to get on with the job and answer more directly to their electors. That should be an important part of any deregulation Bill that comes before the House, and if by any chance it has escaped the Government's attention, I trust that we shall be able to move an amendment to give them the chance to include such provisions, which would be much welcomed by Labour as well as by Conservative and Lib Dem councillors.

In the case of village halls, many people who would like to work for community purposes find it too daunting owing to the 18 health and safety regulations and the new difficulties over drinks licences. One modest proposal from the village hall movement is to double the number of temporary entertainment events notices that they can hold, to allow alcohol to be used on village hall premises. Without some flexibility and common sense from the Government, village halls face a bleak future. Surely, the Government can give us some hope tonight about some sensible deregulation to help important community facilities run by volunteers.

Finally in my deregulation list, we come to the Financial Services Authority and City regulation. We learn that the Prime Minister seems to be in disagreement with the Treasury—nothing surprising there, then—on the question of how good the FSA is and whether it is too intrusive. Recently, I saw the City of London corporation's interesting piece of research on the implementation of the money-laundering regulations in the UK, which we had to implement in line with other European partners. Overseas territories outside the EU implemented something similar based on the original G7 agreement. The independent judgment commissioned by the corporation found that it cost twice as much in relation to gross domestic product to implement the regulations in Britain as in Germany. That is a huge over-reaction by Britain. The report goes on to say that the regulations do not make the UK safer from money-laundering than Germany; they are just a costly way of doing it. So, we have a paper chase where people have to take gas bills, electricity bills and passports to their building society just to pay in £100, even though they may have been banking there for many years. Surely something can be done to relieve all that.

I hope that when the Minister responds he will propose some virile, strong and sensible deregulation. I hope that he will tell us what the Government plan to do during their EU presidency. I hope that he will put reform of the CAP and the common fisheries policy at the top of his list. I hope that he will have something to say about vitamins and food supplements, to bring relief to those who value those products and want to carry on buying them. I hope that he will tell us that there is to be real deregulation in his deregulation Bill and not just a lot of mumbo-jumbo and promises to do better in the future, and I hope that he will announce tonight that the Government have seen enough of the public reaction to ID cards and that they will not go ahead with that massive, expensive and over-the-top regulation in search of a problem.

Our economy needs less regulation. Our businesses need less regulation. Our people and families need greater freedom. Will the Government give it to us?

7.56 pm

The Chancellor of the Duchy of Lancaster (Mr. John Hutton): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes the steps the Government is taking to remove unnecessary regulations and rationalise inspection arrangements in both the public and private sectors; acknowledges the additional freedoms given to high performing schools, hospitals and local councils; notes the lead the Government has taken in driving forward the better regulation agenda in Europe; recognises the benefits that well-targeted and proportionate regulation can bring in driving up standards; and further notes that the UK is seen by international observers as a leader in the field of regulatory reform and that the success of the UK economy reflects the approach the Government has taken.".

I congratulate the right hon. Member for Wokingham (Mr. Redwood) on his speech. I enjoyed his peroration. I do not know whether he will put his hat in the ring for the soon-to-be-declared vacancy in the leadership of his party. He certainly pulled in a decent crowd tonight, so it looks as though he might be in with a shout. All the best to him, because I think it is true to say that all my right hon. and hon. Friends would welcome him as Leader of the Opposition. If he were to inherit that jewel in the British constitution, we might see a little more of him in general elections than we did in the one that just took place.

I want to say a few words by way of introduction. The right hon. Gentleman referred to the motion. For a fleeting moment, I thought that I, too, could be prepared to lend my support to it. However, I prefer my words to his and I am sure he will understand why. Although he made a good speech, and I congratulate him on that, the problem with it was that there were four fundamental flaws.

First, the right hon. Gentleman really needed to establish that the UK economy was performing badly because of the Government's approach to regulation. Sadly for him, the facts do not support his arguments. They suggest the opposite. To give him credit—I always want to be fair to him—he certainly did his best; in fact, he tortured the data until they eventually confessed to him. But as we all know—and the lawyers in the House will know better than anyone else—evidence obtained under duress is never admissible to prosecute a case. He will have to find some more supportive evidence.

Ed Balls: Does my right hon. Friend remember speeches made by Conservative Members, when they were in government, about the threat to jobs if a national minimum wage were to be introduced? Does he remember the claims that it would cost between

[Ed Balls]

1.5 million and 2 million jobs? Does not the fact that we have 2 million more jobs, not 1.5 million fewer, show that it is possible to strike a balance between reducing regulation and setting good, sound minimum standards so that people are properly protected at work?

Mr. Hutton: I agree with my hon. Friend. I understand that, only a few months ago, the right hon. Gentleman said that he thought that his observations and calculations about the minimum wage were spot on. They were not—they were completely off the target. There are 2 million new jobs in the UK economy, not 2 million fewer, as he and his hon. Friends predicted.

David Taylor: Did my right hon. Friend hear, as I thought I did, the right hon. Member for Wokingham (Mr. Redwood) cite Germany with some approval towards the end of what passed for a peroration? Research paper 05/53, produced by the economic policy and statistics section of the Library, uses three key figures to show, first, on the output per hour measure, that Germany lags behind the United Kingdom; secondly, on the labour market figure, that the level of employment in Germany is significantly less than in the UK; and, thirdly, on the tax burden, that the UK figure of 37.1 per cent. is significantly below that of Germany. How does he account for those three figures if Germany is doing so well in its deregulated idyll?

Mr. Hutton: I am not sure how the right hon. Gentleman can account for that obvious discrepancy. I want to return to the UK's relative position vis-à-vis the other member states of the European Union. The British economy is certainly outperforming on most of those comparators in the EU.

Mr. Brooks Newmark (Braintree) (Con): Will the Minister enlighten us? We keep hearing about how many jobs have been created. I would be interested to know how many of the 1.5 million to 2 million jobs that have been created by the Government are jobs for bureaucrats, and how many of those individuals are regulators?

Mr. Hutton: I think about two thirds of those jobs are in the private sector. As for the additional jobs in the public sector, I do not know what the hon. Gentleman's definition of "bureaucrats" is, but I remember that, when I was in the Department of Health, he and his hon. Friends who sit on the Front Bench used to describe porters, cleaners and other staff who play a very important role in the national health service as "bureaucrats" and "pen-pushers". That is simply not the case. Perhaps he wants to make that point in his own speech. My job is to enlighten him, as he rightly said, and if he will bear with me, I intend to try to.

The second problem with the right hon. Gentleman's speech is that he needed to show that his own record and that of his party supported the case that he made this evening. Frankly, it does not. His own and the Conservatives' record in government fail to match the rhetoric that he deployed in his speech tonight, and I want to return to that point in a minute.

Mr. John Hayes (South Holland and The Deepings) (Con): Even the Minister would not argue that farm businesses have prospered under this Government. Farm businesses have been faced with ever-greater regulation, ranging from fallen stock to controls on livestock markets. Farm incomes have fallen consistently. The number of people in farming has also declined since 1997. What assessment has he made of the impact on farming of the Government's activities and, in particular, regulation since 1997?

Mr. Hutton: We are certainly working to support farming. As for the hon. Gentleman's point about regulation, to be fair him, too, I am sure that he would be prepared to acknowledge that many of the regulations he complains about were introduced to try to sort out the mess that the Conservative Government left on BSE and other such problems. Many of those regulations were introduced by that Government.

Mr. Hayes: Will the Minister give way?

Mr. Hutton: No. The hon. Gentleman has had his go.

I want to come in a second to the wider issue about sectors, but there is a third fundamental flaw in the right hon. Gentleman's case. He needed to demonstrate that the UK's position in relation to regulatory matters was getting worse vis-à-vis our international competitors. In that respect, too, he had a major problem. There is plenty of evidence from this country and abroad that the UK is making good progress on better regulation—evidence that he conveniently failed to mention. In fact, he overlooked the views of the World Bank, the Organisation for Economic Co-operation and Development, the Heritage Foundation and the International Monetary Fund—all of which he is usually keen to pray in aid. Sadly for him, no such succour or support was available to him from those sources tonight—and again it showed.

Finally, the right hon. Gentleman completely failed to present a sensible analysis of European regulatory issues. He was again overcome by his visceral hatred for everything that originates from the European Union. In fact, he got his best cheers when he was ranting at his very best about the evils of the European Union. I got the sense that he wanted to rerun some of the arguments that we had during the recent general election. Of course, I am very happy for him to do so: Labour won that election. In rehearsing all the failed policies that the Conservative party put before the British people in May, he has only served to remind Labour Members why the British people chose to return Labour for a record third term in office.

Mr. Charles Walker (Broxbourne) (Con): I think that it was in 2000 or 2001 that the EU had the Lisbon summit, at which those involved pledged to create 20 million new jobs by 2010. Will the Minister explain in his own words why it is so palpably clear to all hon. Members that we will miss that target? In fact, Europe collectively has not created one new job in that period.

Mr. Hutton: I certainly want to deal with Europe in a second, if the hon. Gentleman will bear with me, but we are doing very well, thank you, in this country because of the policies that we are pursuing.

Rob Marris (Wolverhampton, South-West) (Lab): Does my right hon. Friend agree that much of what the right hon. Member for Wokingham (Mr. Redwood) said was typical Conservative hot air? Does my right hon. Friend know that, on 2 December, the right hon. Member for West Dorset (Mr. Letwin), the then shadow Chancellor, promised me "a very long list" of regulations that a Conservative Government would do away with? He also told me subsequently that the right hon. Member for Wokingham, as shadow Deregulation Minister, would produce that list in January. I am not aware as of tonight that we have seen even a scintilla of that list. We are still waiting for the very long list. It is hot air.

Mr. Hutton: There was a lot of hot air from the right hon. Member for Wokingham. I have seen the list of proposals that he made for the general election, and we know the outcome of that contest. I want to refer to some of the arguments that he made. He rehearsed some of them tonight, particularly his interesting suggestion that we withdraw from the common fisheries policy. I understand that he wants us to pull out of the social chapter as well, and I want to come to the difficulties that any future Conservative Government would have in delivering such a policy.

Mr. Redwood: The Minister is generous, but I should like to take him up on the four allegations that he made. Does he accept that the United States has consistently out-grown this country over the past eight years because it is less tightly regulated and has a lower tax regime? Is he not aware that we are getting closer and closer to the poor performance of the heavily regulated and higher tax regimes on the continent and that we will not hit the Chancellor's forecasts this year?

Mr. Hutton: No, I certainly do not accept the assertion in the latter part of the right hon. Gentleman's question. I accept that there are lessons that this country should learn from other systems and regulatory approaches. Of course we are willing to learn, but I want to come to the wider point because, fundamentally, his speech served a useful purpose in highlighting our different approaches to this issue. I want to explore those differences in a second, if I can get on to them.

The right hon. Gentleman's central argument related to the health of the British economy and its international competitiveness under this Labour Government. Anyone listening to his remarks would have been left with the impression that our economy was in recession, that Britain was an unattractive place to set up a new business and that a vast army of bureaucrats—to use an expression used by the hon. Member for Braintree (Mr. Newmark)—were out and about strangling enterprise and innovation. But this is 2005, not the 1980s, when millions of people lost their jobs because of Tory boom-and-bust policies. It is not the early 1990s, when hundreds of thousands of people lost their homes because of yet another Tory-inspired recession. Of course, the right hon. Gentleman was a key architect of all those failed policies.

Mr. Redwood *indicated dissent.*

Mr. Hutton: That is the history. The right hon. Gentleman indicates that he was not one of the key architects. Of course, he was in the Cabinet until 1995, and until then, he would be prepared to accept that collective responsibility—

Mr. Redwood *indicated dissent.*

Mr. Hutton: Oh, the right hon. Gentleman is not even prepared to accept that any more. We have a new constitutional innovation taking form in front of us.

Mr. Redwood: The big decision to join the exchange rate mechanism—which was Labour economic policy, as well as that of the Conservatives—was a mistake. We have said that it was. I was not in the Cabinet when that decision was taken, and the Minister may remember that I resigned from the Government because I did not like the policy being followed.

Mr. Hutton: I accept that that is historical fact, but the right hon. Gentleman cannot escape his wider responsibilities for the failed economic agenda pursued by successive Conservative Governments in which he was a Minister and, as all of us who have had the great privilege to serve in government know, that is a collective responsibility that we must all shoulder. We cannot shake off that responsibility quite as easily as he has tried to do this evening.

My argument tonight is that, thanks to the policies that we have pursued since we took office, the British economy has enjoyed one of the best climates for business since records began, with sustained economic growth and stability covering the entire period during which we have been in office.

Mr. Walker: Will the Minister give way?

Mr. Hutton: No, I am going to make progress. The hon. Gentleman has had a good old go. Perhaps I will give way to him in a second—or not, as the case may be.

Employment is at a record high; unemployment is at its lowest levels for 30 years; UK unemployment rates are half those for France and Germany; inflation is low; interest rates are at their lowest for 50 years; 4,000 new businesses start up every week; and Britain is the No. 1 country for inward investment into the European Union. Last year saw nearly 40,000 new jobs and a record number of inward investment projects.

From the picture painted by the right hon. Gentleman, one could be forgiven for thinking that he had been living on a different planet. Many people believe that he does live on a different planet, but I do not want to use that gag. Clearly it will not get me much of a laugh tonight. Sadly for him, his views on the British economy are not even shared by other members of the shadow Cabinet. The Leader of the Opposition said of the British economy only recently:

"Unemployment is low. Inflation is low. We're growing faster than many other European countries".

The right hon. and learned Member for Devizes (Mr. Ancram) said last summer:

"Quite honestly, I go to Germany now and they say to me we wish we had your unemployment".

[Mr. Hutton]

The views of the right hon. Member for Wokingham are not even shared by business leaders in Britain. The director general of the CBI said in March this year:

"We've got the most successful economy in the developed world. It's compietely stable, low inflation, interest rates, virtually no unemployment and quality sustainable growth. Now America doesn't have this with its deficit. France hasn't got it with its very high unemployment. Germany hasn't got it with zero growth and high unemployment."

We have made it clear—this is one area where the right hon. Gentleman and I might agree—that if the progress is to be sustained and if British companies are to remain globally competitive, helping to create new jobs and prosperity here in the UK, Government must, of course, accept their responsibility to strip away the burden of unnecessary regulation on business. I hope that we can agree on that at least. However, I think that there is a huge difference between his approach, which would, for example, compromise standards in the workplace, and the approach that we intend to take. The measures that he put forward at the election to slash public expenditure through axing support for businesses, such as the scrapping of the Small Business Service, would hurt and not help businesses.

Consistency in politics is a good thing. To give him credit, the right hon. Gentleman has consistently talked a good fight on this issue, but has he actually delivered? I think not, and I am going to talk about his record in government. He was a very busy body indeed as a Minister in the Department of Trade and Industry. In fact, I have here just some of his handiwork in the 1980s. Here it is—213 separate pages of new statutory burdens all applying to business.

There are many people who would argue that the regulatory burden actually increased under the previous Conservative Government. Sadly for the right hon. Gentleman, some of them are leading Conservatives. The former Chancellor of the Exchequer, the right hon. and learned Member for Rushcliffe (Mr. Clarke), referred to the subject of deregulation in *The Daily Telegraph* shortly after leaving office. I notice that all these reminiscences and insights occur only when Conservatives leave office. The right hon. and learned Gentleman said:

"We kept trying, we never really succeeded"

in deregulating. Mr. Michael Portillo, another leading Conservative and a former Treasury Minister, said when he left office that

"we were rather notable regulators. We passed volumes of new rules and laws interfering with almost every aspect of business and social life."

Clearly, the right hon. Member for Wokingham comes from the "Do as I say and not as I do" school of political leadership. That is perhaps another reason why he is sitting on the Opposition Benches, but perhaps his biggest difficulty tonight comes in the form of the international evidence:

"The UK is at the forefront of regulatory reform".

Those are not my words, but those of the OECD. The UK is frequently shown as at or near the top of countries for the quality of regulation and ease of doing business. A survey by the World Bank published this year placed the UK at the top of the league of major countries in terms of regulatory quality. This year's Heritage Foundation index of economic freedom—something I am fairly sure the right hon. Gentleman normally attaches a great deal of weight to— praised the UK and said that

"opening a business in the UK is easy."

It is clear that this Government's approach to regulatory reform has contributed to the success of the British economy and not undermined it as he claimed.

Mr. Redwood: I am grateful to the right hon. Gentleman for allowing me to answer his point. He says that I used the legislative pen, but I seem to remember using it to deregulate the telecoms industry, allowing a large number of new producers to come into the marketplace and creating an extremely successful industry. That was a deregulatory use of the legislative pen and it worked.

Mr. Hutton: I am not disputing that or the contribution that such an approach can make. It makes the case in many ways for the need to regulate sometimes. The candour that the right hon. Gentleman has just displayed is admirable, but it was missing from his earlier presentation to the House. He shakes his head, but we all have a chance to examine his contribution. We shall see what part of his speech made the case for regulation. That was not something that I heard him say.

The point applies particularly at the EU level. The telecommunications market has been opened up since 1998 because of European law making. I know that the right hon. Gentleman is rightly a strong supporter of the single market, and it has added huge amounts to European GDP and massive amounts to British GDP. Those reforms came about because the EU regulated, and not because it sat back and said, "No, we are not going to regulate." As my hon. Friend the Member for Normanton (Ed Balls) said, there is a balance to be struck in all these things. The balance was absent from the right hon. Gentleman's remarks.

I am afraid that I am going to have to say to the right hon. Gentleman and his hon. Friends that the House is entitled to treat his remarks tonight with a healthy dose of scepticism. His analysis is flawed, his facts are highly selective, and his prospectus would make matters worse not better. In short, he did not have a sensible strategy at all. Happy-clappy rhetoric on the theme of deregulation may be his stock in trade, and it works well for him among Conservative Members, but it does not add up to a row of beans.

Since 1997, the Government have focused their approach on better regulation, rather than simply on deregulation. Our view is that effective and targeted regulation can play a vital role in improving standards in public services, correcting market failures, promoting competition, ensuring fairness at work and providing protection for consumers and the environment.

Mr. Steen: I am grateful to the right hon. Gentleman for his tolerance of interventions from both Conservative and Labour Members. I am not making a party political point, because I just want to ask him his view. Does he agree that the problem with the House of Commons is that, every time we sit here, we pass more

rules and regulations? They then have to be enforced and, once they are enforced, that has a cost in terms of civil servants and officials. That cost goes on to tax and, more often than not, on to the council tax. Does he agree that, because there is a House of Commons that passes laws, we are going to pass more rules and regulations that have to be enforced and then paid for by the consumer?

Mr. Hutton: We have to balance all the competing pressures. The hon. Gentleman, for whom I have a lot of respect, would I am sure be the first to recognise that there are areas where it is right for the House to pass law. He is not simply saying that we should hang up our boots and go home.

Rob Marris: He is.

Mr. Hutton: The hon. Gentleman clearly is not saying that, but he raises an important wider issue. It is true that there is no such thing as free regulation. If we are going to regulate and impose burdens or costs on business, administrative burdens on citizens or whatever the agenda is, it is essential that we do so in the light of the best possible information about the costs. We have options and choices to make, and citizens and businesses have too. I agree, in part, that we need to improve the way that we discuss in the House and outside with business, citizens' groups and others the options in front of us and the costs of taking particular measures. We have been trying to do that and, to be fair to the hon. Gentleman's Government, they were keen to try to develop that as well.

Mr. Hayes: Will the Minister give way?

Mr. Hutton: If the hon. Gentleman will forgive me, I must now get on. I am conscious that other people wish to speak and, sadly, I am only half way through my speech. I had better make progress.

It is for some of the reasons that I outlined some time ago that we are not going to apologise to the House or to the British people for introducing the first ever national minimum wage, which has raised the incomes of more than 1 million people in poverty. Nor are we going to say that it was the wrong thing to do to introduce new rights to paid holidays and improved maternity and paternity arrangements. Those are important social advances.

We are proud that regulation in the UK has helped to secure an excellent health and safety record, with workplace fatalities cut by about two thirds since the 1970s. More employment rights for parents, clearer health warnings on food and tobacco and a cleaner environment are all important and worthy objectives for us to pursue. The argument is not whether we should pursue them, but how.

When we decide to regulate, we should try to do so proportionately on the basis of evidence and only if the benefits of regulating clearly justify the inevitable costs to which the hon. Member for Totnes referred.

We are not concerned solely with improving new legislation, but with simplifying existing legislation. We are stripping away regulatory burdens on business whenever possible. For example, we have implemented more than 400 deregulatory measures in the Government's regulatory reform action plan, which was published in December 2003. Good examples of those are measures relating to reform of the fire safety laws, which will save businesses literally hundreds of millions of pounds over the next 10 years.

We have raised the audit threshold for small businesses, which has exempted nearly 900,000 companies from onerous audit requirements and thus saved them at least £94 million a year. We have provided the highest VAT thresholds in Europe and reduced administrative costs for 500,000 of the smallest companies in the UK as a result. We have also committed ourselves to reducing £1 billion of the regulatory burdens on business arising from Department of Trade and Industry regulations over the lifetime of the DTI's five-year programme. We have reduced the payroll burdens for 1.2 million businesses by paying working tax credit direct to individuals rather than via employers—*[Interruption.]* The hon. Member for Havant (Mr. Willetts) will get his chance later and I am sure that we all look forward to that.

We are providing better, clearer information for business on regulatory changes, including, for example, the introduction of new common commencement dates so that all employment law changes now start on two days of the year. Business asked us to do that and we responded positively.

I hope that I can reach out to the right hon. Member for Wokingham because I accept that the Government should be doing more. We have signalled our intention to do more by accepting the recommendations of the Arculus and Hampton reports, although he did not refer to them in his speech, and by setting out a clear programme for regulatory reform at the European Union level, which he accused us of failing to do.

Altogether that adds up to the most radical regulatory reform programme under way anywhere in the developed world. It has been welcomed by business leaders, who have expressed their support for the direction of travel that we have set out. The policies are designed to reduce the costs of compliance, to strip away unnecessary and outdated regulation and to simplify the existing body of legislation so that those who are required to observe such laws have a better understanding of what they need to do. They will also address a further concern that business has expressed to us because they will fundamentally change the way in which bodies that are charged with inspection and enforcement set about their work. We will move to a more risk-based approach on regulation and inspection, with fewer inspectorates co-ordinating their work more efficiently and effectively. Their work will be focused on companies with a poor track record of compliance, so companies with a good record will be left to get on and run their businesses.

The motion calls on the Government to introduce new legislation to give effect to those principles, so I am pleased to be able to remind the right hon. Gentleman that we will do precisely that during this Session. I look forward to him joining us in the Lobby when the Bill is introduced in the new year, but sadly I suspect that that might not happen.

Taken together, these radical reforms should ensure that each new major regulatory proposal will have to be accompanied by offsetting deregulatory proposals so

[Mr. Hutton]

that the relevant sectors do not experience excessive growth in the cumulative burden of the regulation affecting them. The administrative costs to business, which are important and need to be tackled, owing to the existing stock of regulations will be measured. That is the first step that we must take, although no Government have ever tried to do so, despite the right hon. Gentleman's warm words. Challenging targets must be set for the reduction of those costs. We will rationalise the structure of the independent regulatory bodies to make them more efficient and to spread best practice, such as risk-based inspection. We will reduce the number of regulators that interact with business from the present number of 31 to seven, which will include consolidating several existing regulators into a new consumer and trading standards body.

In Europe, we will continue to drive forward the better regulation agenda. Better regulation will be a key theme of the UK presidency. On Friday, my right hon. Friends the Secretary of State for Trade and Industry and the Chief Secretary to the Treasury and I met EU Commissioners to set out the UK's priorities for better regulation during our presidency. Over the next six months, we will work hard to ensure that impact assessments are used fully by the institutions—they are not at present—and that Commission impact assessments are given proper consideration by the Council. We want to make progress on substantial measures to simplify existing laws and the Commission will make new proposals on that later in the autumn. We want to ensure that there is effective consultation with stakeholders, especially businesses in the European Union. The Commission should take such consultation into account when drafting new legislative proposals.

Mr. Hayes: I am grateful to the right hon. Gentleman for giving way to me a second time. He did not really answer my question on agriculture and horticulture, so I shall let him have a go at fishing. By implication, he defended the common fisheries policy when he scorned my right hon. Friend the Member for Wokingham (Mr. Redwood). When he and his colleagues go to Europe, will they tackle the common fisheries policy, which has bizarrely and strangely led to a situation in which we have fewer fish and fishermen than when it was invented? What will he do for Britain's ailing fishing industry and how will he extricate us from the common fisheries policy, which has done so much damage?

Mr. Hutton: I do not doubt that the common fisheries policy, like the common agricultural policy, could benefit from reform, and my right hon. Friend the Secretary of State has been successfully taking that forward. However, the right hon. Member for Wokingham talked about pulling out of the common fisheries policy, which could be done only by holding up one, if not two, fingers to the rest of the European Union. *[Interruption.]* Conservative Members are nodding because they want to do that, although those who have any sense will not be nodding because this is all about pulling out of the European Union. I think that the hon. Member for South Holland and The Deepings (Mr. Hayes) is nodding, so he clearly wants us to come out, although no doubt other Conservative Members will now sit on their hands because they are not sure whether they should be going down that slippery slope. There are not many sensible Conservative Members left, but if the right hon. and learned Member for Rushcliffe were in the Chamber, I am sure that he would be putting the hon. Member for South Holland and The Deepings to rights much better than I could. That policy is preposterous and daft. It was conjured up to appeal to the populist right-wing media in the run-in to the election, but it once again bombed spectacularly for the Conservatives. I wonder whether they will ever wake up to the fact that their policy agenda of pulling Britain out of the European Union—it barely dares speak its name, but it comes out in these debates every now and again—is a recipe for complete economic and financial disaster.

Adam Afriyie: Is the right hon. Gentleman saying that Britain has no power in the European Union to renegotiate in any way?

Mr. Hutton: The right hon. Member for Wokingham was talking about unilaterally pulling out of the common fisheries policy, but that is not compatible with our treaty of Rome obligations.

Delivering such changes will require a culture change across the institutions of Europe and it will take time to fully embed such better regulatory principles. However, by the time that we hand over to Austria at the end of this year, we intend to ensure that real progress has been made that will bring demonstrable benefits to European business and citizens.

The better regulation agenda is by no means confined to the impact of regulations on the private sector. I shall let the Under-Secretary of State for the Cabinet Office, my hon. Friend the Member for East Renfrewshire (Mr. Murphy), deal in his winding-up speech with the points made about the public sector because it is now time for me to sit down. However, it is a travesty to traduce the facts and our policies by suggesting that the public services are now also drowning in a sea of red tape. Public service delivery is improving and the performance of schools and hospitals is getting better. The Government have a proud record of trying to strike the right balance between the things that they must do at the centre and the freedom and responsibility of professionals at the front line. It is worth reflecting on the fact that the first party to introduce central targets in the national health service was none other than our dear old friend the Conservative Government.

It is clear that this Government are delivering on their pledge to the people to create a competitive and dynamic enterprise economy and world-class public services of which individuals, communities and our country can be proud. All that has not been achieved by compromising health and safety standards, which the proposals of the right hon. Member for Wokingham would do, or by denying working people the right to a minimum wage, as some Conservative Members wish to do. We are trying to get the balance right.

I recognise that more can always be done to make our regulatory systems more effective. We are trying to do that. I have set out an ambitious programme of regulatory reform for this Parliament. It will better equip us to meet the challenges of the future. It is the right direction for our country to take. That is why I strongly invite my hon. Friends to support the amendment and reject the Opposition motion.

8.29 pm

Norman Lamb (North Norfolk) (LD): There is a contradiction at the heart of the Minister's speech. He spent most of the time talking about the Government's excellent record on regulation and then went on to suggest that they were about to embark on the "most radical reform programme" to deregulate. Proposing such a programme is a tacit admission that there is something wrong.

The motion is something of a scatter-gun in its approach, ranging from a call to the Government for proposals that free professionals in schools and hospitals, to the case for cutting controls over local government, and to measures that will allow business to compete with rivals in Asia and the US. I can just about see a common thread, and I accept that the motion raises serious issues. The sentiments it expresses are broadly shared by the Liberal Democrats, so we will support it.

The Government amendment smacks of complacency and endorses an approach by which schools, hospitals and councils have to win freedom from the control of central Government. We reject that approach. We will never break the dependency culture of an overcentralised state in that way. Their approach says, "You do precisely what we in central Government want you to do, and we will then give you strictly controlled limited freedoms." That earned autonomy is not localism as we understand it. We want a much greater, more genuine decentralisation of power.

On business regulation, it is worth reminding ourselves that a modern, well-functioning market economy depends for its success on the rule of law. The new democracies in eastern Europe, many of which have built remarkably successful economies, had to develop those rules quickly as they escaped from the clutches of communism. Rules are necessary in particular to safeguard and protect employees from unacceptable exploitation. It is worth remembering that Conservative Governments as well as Labour Governments have legislated to outlaw discrimination in the workplace.

Rob Marris: The hon. Gentleman will know from his background what I am talking about. Did he find it extraordinary, as I did, that the right hon. Member for Wokingham (Mr. Redwood) said that there was only one thing worse than having a regulated job and that was having no job at all? In fact, the worst thing of all is to be dead from work because there is no occupational health and safety legislation.

Norman Lamb: The hon. Gentleman reinforces the point that some regulation is necessary to safeguard employees. It was the right hon. Member for Richmond, Yorks (Mr. Hague)—a former leader of the Conservative party—who took the Disability Discrimination Act 1995 through Parliament. It imposes a considerable additional regulatory burden on business. In my former life as an employment lawyer, I received plenty of money from businesses seeking advice on how to implement that Conservative legislation, which increased the burden on business. But surely we are not arguing that the framework of that legislation—the protection that it gave to disabled people—is wrong. It may well be possible to simplify the rules for the benefit of both the citizen and the employer, but the case for regulation in that sphere is surely not seriously challenged.

Philip Davies: The hon. Gentleman knows that the 1995 Act asked businesses to make reasonable adjustments, thereby ensuring that small businesses were not disadvantaged by a huge regulatory burden. Does he accept that an awful lot of the regulations that come from the Government apply equally to small and large businesses? Small businesses create the vast majority of employment wealth in the country and are most disadvantaged by all the regulation. It is the small businesses that struggle. The Minister is obsessed with business leaders and dazed by big business all the time.

Norman Lamb: The hon. Gentleman is right to address the concern that small businesses can be heavily burdened by regulation from the Government, but we must remember that an employee's safety is as important if they work for a small business as it is if they work for a large business. Again, it is a matter of striking the right balance. I accept that the "reasonable adjustments" enabled the size and scope of the business to be taken into account, but the extent of guidance provided with the 1995 Act effectively imposed a massive additional burden on businesses of all sizes. I was simply giving an example of a Conservative Government increasing the regulatory burden to give protection to disabled people, which we should all support.

Mr. Hutton: I promise that this is my last contribution to our debate. The hon. Gentleman surprised all the Labour Members in the Chamber by saying that he is going to support the Conservative motion. I checked his manifesto, but I could not find a single reference to regulation, so he is obviously borrowing Conservative policies. Can he confirm that in his new-found support for better regulation he is abandoning the Liberal Democrat plans to introduce dog licences again, which is the most absurd regulatory burden that anyone has devised for a long time?

Rob Marris: Surely, lambs like dog licences.

Norman Lamb: I note the contribution by the hon. Member for Wolverhampton, South-West (Rob Marris), but I confess that I am not a great enthusiast for dog licences.

Another example of regulation that provides important protection for employees is the minimum wage legislation. The hon. Member for Normanton (Ed Balls) challenged the right hon. Member for Wokingham (Mr. Redwood) to say whether he supported the minimum wage. We did not receive an answer to that question. Assessments of the total cost of regulation on business, estimated to be about £40 billion by the British Chambers of Commerce, attribute about £13.5 billion to the minimum wage, yet there is now widespread support, even within the Conservative party, for the principle of the minimum wage. Many people would argue that it has improved the labour market and pushed companies higher up the value chain, so it is another example of regulation that protects employees and is regarded as beneficial.

[Norman Lamb]

Rules or regulations are necessary to protect consumers; to ensure that companies do not exploit monopoly positions and to make them behave properly, through prudential financial controls, for example; and to ensure that consumers can make informed choices. Regulation to protect the consumer is going through Parliament at the moment. There is argument about some important details in the Consumer Credit Bill but, even though it increases regulation on business, it is broadly supported by the Conservative party as well as by the Liberal Democrats. Finally, rules and regulations are necessary to protect the environment. The market does not understand the imperative of tackling global warming, so a mixture of regulation and other market-based mechanisms such as emissions trading are necessary to change corporate behaviour.

We should avoid the temptation to condemn all regulations or rules. Some Tories rail against the very idea of business regulation, but our attack must be targeted on excessive regulation or regulation that is disproportionate to the mischief or problem; well-intentioned regulation that has unintended consequences; and regulation that addresses an important issue in a bureaucratic and burdensome way. For example, to a provide a framework of protection against various forms of discrimination, this country, with the help of the European Union—I am sure the right hon. Member for Wokingham would agree—has developed myriad rules on discrimination that are so detailed and complex that they fail adequately to protect the citizen. They are quite impenetrable to many people, and leave most businesses unaware of the extent of their responsibilities.

The answer is a single equality Act, as proposed by the Liberal Democrat peer Lord Lester. That reform would be a significant deregulatory measure, and it is frustrating that the Government have not acted on the proposal. The case for it is overwhelming: we could remove a vast quantity of regulation and rules on discrimination and replace them with a much simpler framework. It is not just regulation that we need to address: there is a great danger of regarding deregulation as a panacea. Indeed, the motion concludes that deregulation and better regulation would

"allow business in the UK to compete more successfully against Asian and American competitors."

They could, but that is not enough on its own. The recent unanimous report of the Trade and Industry Committee concluded that

"the main challenges that the UK economy faces are not exclusively matters of regulation or deregulation, but in areas . . . including skills and training, R and D, and technology transfer, the supply of capital for investment, and narrowing the productivity gap with our competitors."

None of that detracts from the fact that the regulatory burden has grown dramatically and excessively, and that that trend goes back well before 1997.

The Government are right to point out in their amendment that in some respects the UK is seen as a leader in regulatory reform, certainly in the European context. The United States started a much more systematic analysis of Government regulation back in 1993 under President Clinton, but, ahead of much of the European field, with the clear exception of Holland, the UK has developed the concept of the regulatory impact assessment, with which the Minister dealt in his speech. The problem is that in our view it does not work as intended. I list some of the criticisms.

First, the Government have all too often failed to follow their own rules when preparing regulatory impact assessments. Secondly, the RIA is carried out by the Department that seeks to implement the regulation. There is a danger that it will simply be self-serving. No outside body reviews the RIA once it is prepared. The National Audit Office may look at it after the event, but there is no independence in the process.

Thirdly, by the time the RIA is carried out, the momentum to introduce the measure is often unstoppable. It happens too late in the process. Are we ever told, for example, that an RIA has resulted in the decision not to proceed with a new regulation? One suspicion is that that never happens. I would be interested to hear from the Minister whether there are ever occasions when RIAs reach a conclusion that a regulation should not proceed. We are never made aware of that.

Fourthly, the assessment of impact on business is often insufficiently robust and there is no standard process for revisiting the regulation once it has been in force for a time to measure its actual impact and to compare the reality with what had been predicted in the original RIA. Fifthly, there is insufficient transparency in the process. It is impossible to determine how the costing has worked and who has been consulted. Sixthly, and perhaps above all else, there has not been a sufficient cultural shift in Whitehall Departments. The pressure is still to regulate, rather than to make a genuine attempt to examine all other options for resolving a problem without resorting to regulation.

I suggest the following steps to help change the culture and slow the pace of new regulation. To start with, there should be some independence in the regulatory impact assessment process. It could involve an independent body conducting the assessment, or an independent assessment panel of suitably qualified individuals looking at the RIA once it had been prepared. The panel's conclusion would be available to Parliament before it considered the measure. This element of independence would focus the minds of civil servants and would be likely to act as a constraint on the flow of new regulation. It is an approach pioneered in the Netherlands with marked success.

Secondly, there must be much more effective assessment of impact. That would necessarily involve industry bodies more effectively in determining the likely cost of regulating, and also in examining whether there are alternative ways to proceed that would be more cost effective. Thirdly, there must be transparency in the process. Information, including the method of calculating the impact and all other background material, should be routinely published on the Department's website.

Fourthly, there must be a post-implementation assessment of each new regulation, perhaps three years after enactment. That could be carried out by the independent assessment panel that I proposed.

Finally, each regulation affecting business should include a sunset clause, which would force a further assessment of its worth. If the Government wanted the regulation to survive, they would have to justify it again to Parliament.

So far I have dealt only with Whitehall. The process at European Union level is less advanced and even more disturbing. The flow of new regulations, directives and other EU decisions has grown massively over the years, peaking in 1998 at 3,901—more than 10 a day. By 2003, the number had declined somewhat, but still it reached more than 3,400. We now have a European RIA of new regulations but it is rightly criticised for lack of rigour. A survey of a sample of EIAs, as they have become known, found that only half had quantified both costs and benefits. Too often they are nothing more than a flimsy paper exercise. The British Chambers of Commerce has found in a sample that 10 out of 12 UK EIAs carried out in respect of EU regulations were published after the regulations had come into force, thereby negating the entire purpose of the assessment.

All the proposals that I have put forward for the UK could be applied equally to the EU. I welcome the fact that the Cabinet Office has apparently today reasserted the Government's commitment to deregulation as a priority for the UK's EU presidency. Interestingly, it was reported in the *Financial Times* this morning that Ministers will advocate a new independent body to scrutinise proposals for regulation. If independence is appropriate for the EU, presumably it is appropriate also at national level.

There is an added dimension to the European level of regulation that merits consideration. Tim Ambler of the London Business School has highlighted that directives provide scope for interpretation at national level. Each member state can implement a directive in its own way. The process provides the opportunity for so-called gold-plating.

Logic suggests that if the measure is required at EU level, it should be implemented uniformly throughout the single market. That suggests that it should be implemented in a regulation that applies directly and does not involve any further regulation at national level, or it should be left to member states to decide whether to legislate. Going down the directive route inevitably involves legislation both at European level and member state level, leaving confusion throughout the EU and also leaving businesses and individuals unclear as to their rights. Tim Ambler highlights the risk of legislating at multiple levels of government, which ensures that there is a lack of clarity. That leaves the citizen entirely confused.

As well as being far more robust in our examination of regulatory proposals, we must seek to reduce existing regulation. Both at national and European levels there is a need to tackle the vast accumulation of regulation. There must be a rigorous approach to reducing and simplifying the burden, and the Dutch have again taken the lead. The Government have stated their objectives and they will be judged against their rhetoric. One approach that is worth considering is the one in, one out discipline. Every time a Department seeks to impose a new regulation, it would have to propose the cull of an existing one. The concept that the regulatory burden has grown large enough and that something must give to facilitate the introduction of a new regulation is logical and attractive.

The Government have committed themselves to the rationalisation of compliance and of the enforcement regime. They talk about fewer inspections, especially where companies have a good record of compliance. If it happens, it should be welcomed. So far, delivery has not matched rhetoric. The burden on small businesses must be considered much further. The idea proposed that they should deal with only one official merits consideration.

The motion deals with the burden on local government, schools and hospitals. Just as companies are more likely to prosper if they have the burden of excessive centrally imposed regulation removed from them so local government could come alive again if it were liberated from central controls. The UK tops the league table for the proportion of taxes that are raised centrally, and that is combined with a denial of local autonomy.

Last year, the Treasury Committee visited North Carolina. We were examining how productivity had been improved in that state. Inevitably, education and training were central to the strategy that had been pursued. That state decided that it wanted to embark on a massive rebuilding programme to upgrade schools and colleges, put a proposition on the ballot paper for the state elections, and won overwhelming approval for the issue of a bond to raise the money.

No such autonomy is available in this country. We have developed a dependency culture that enables local government always to blame central Government whenever it runs out of cash or is prevented from doing something. *[Interruption.]* The hon. Member for Wolverhampton, South-West should listen instead of sniping at the Liberal Democrats.

Rob Marris: Every Liberal Democrat local government "Focus" leaflet that I have seen—although I have by no means seen them all—takes a swing at central Government for insufficient funding.

Norman Lamb: I am pleased that the hon. Gentleman endorses the point I am making.

It is surely much better to make local government genuinely more accountable to its electorate. Under our system, whereby central Government controls everything, there is a dependency culture that enables local councils and local politicians to blame central Government for everything. If we had a system with genuine local autonomy and accountability, the buck would stop with the local authority and the system would be much better for it.

The same principles apply to health and education services, which are constantly dragged down by a centralised Whitehall target-setting agenda whereby the instinct is to micro-manage everything from London. I was struck by a comment from a hospital manager who told me that he and his colleagues not only have to account to the Department of Health through all the performance measures that are imposed on them, but have the Prime Minister's delivery unit on their back as well. Two departments of central Government are looking at every move they make.

The common thread running through all this is the emergence of a state where the centre seeks to control everything. The intention is often, but not always,

[Norman Lamb]

laudable—identity cards being one example where the intention is clearly not laudable. However, the law of unintended consequences means that whether for entrepreneurs, local authorities, schools or hospitals, the spirit is too often dulled or destroyed by an overbearing state.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that Mr. Speaker has placed a 12-minute limit on Back-Bench speeches. There is not a lot of time left, and hon. Members will help each other if they are able to keep comfortably within that limit.

8.52 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I was interested to hear the right hon. Member for Wokingham (Mr. Redwood) give an analysis of local authority administration. I should like to draw his and the House's attention to the activities of two neighbouring councils in Scotland. Perth and Kinross council, which strangely enough is controlled by the Liberal Democrats and the Scottish National party, sought public liability insurance for a G8 alternatives demonstration this week, only to withdraw the requirement two weeks later. Stirling council, which is Labour controlled, agreed the site for a G8 alternatives eco-village with the appropriate level of guarantees but without the need to back-pedal from a situation that it had itself created. That is a good comparative example of how councils are in control of making their own decisions without intervention from central Government.

I welcome the Government's commitment to dealing with the burden of unnecessary regulation on businesses and public sector providers. I must declare an interest, as stated in the Register, in that I run a building supplies business in Scotland. Coming to this House with a business background, I understand that unnecessary regulation on business and public services can hold back enterprise and stifle ambition. The burden of paperwork ensuring that companies conform to regulations from Westminster and Brussels can take a considerable time to complete and, as such, has an impact on the time management of employees and directors alike.

This is not, however, a new phenomenon. Having been involved in the building trade for more than 25 years, I have noted that red tape has always placed a burden on companies and employees. The Government's ambitions here and now represent a real attempt to change the culture that exists within Government, which often creates needless administrative processes for companies and sometimes holds back the development of smaller companies. The Government's desire to remove unnecessary regulations while maintaining the benefits of many existing regulations makes their aim stand out from the Opposition's.Good regulation has provided protection for employees and consumers. It has ensured that standards are kept high and that health and safety is maintained. As we heard earlier, the UK is recognised world wide as a leader in regulatory reform. As our economic prosperity shows, we can ensure that those reforms add to our international standing.

Good regulation can, often does and should always impact positively on the business sector, leading to improved working environments, growing output and improved financial performance. The reason for better regulation is clear. We will experience not only the benefits of freeing up employee time but financial benefits for businesses. I am sure that many of my hon. Friends have seen the estimation that by implementing changes to such regulations we can increase British prosperity and productivity by approximately £20 billion.

Similarly, the removal of some regulations and paperwork in the public services will free up time for public service employees, allowing them to focus more on the provision of their specific service and improve efficiency. However, that must neither be done through the removal of standards by simply erasing the regulations as Conservative Members wish, nor by compromising key reforms such as increased paid holiday for part-time workers, increased maternity and paternity rights or the minimum wage, which Conservative Members found they did not have the time to support when it was introduced.

A different approach to inspection is also required. A large proportion of the forms that businesses must complete results from the many inspections to which they are subject. Adapting the process whereby inspections are made so that companies do not face unnecessary repeat inspections will cut down the burden that that places not only on companies but on the bodies conducting the inspections. That will free up time for inspectorates, allowing them the opportunity to perform more thorough inspections and potentially allowing an opportunity to review the necessity for some inspectorates.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Does the hon. Gentleman agree that there is an imbalance in some Departments between authority and accountability? For example, let us consider the inspection regime of the Health and Safety Executive, which can rightly force a change in working practice in a business. However, if an accident subsequently occurs, the burden falls on the employer and the HSE will walk away, even though it forced the change in working practice.

Gordon Banks: I shall deal with the effect in various Departments shortly.

Adapting the process whereby inspections are made so that companies do not face unnecessary repeat inspections will free up time. My right hon. Friend the Chancellor clearly demonstrated his commitment in the Budget, and Departments will be challenged to simplify and reduce regulations. The move to a more intelligent, risk-based approach will be good for most businesses, which will experience a lightening of their load. By reducing the number of inspectors who deal with business from 29 to seven and those who deal with public services from 11 to four, businesses, the public sector and the inspectorates will all become more efficient.We are beginning to experience improvements in Departments; for example, the Department for Environment, Food and Rural Affairs has committed itself to reducing its administrative burden by 25 per cent. Other Departments are working on similar plans.

Cutting the amount of inspections could be complemented by discussions in the EU on the need for better regulation both in and from the EU. I am confident that the Government's ministerial team will deal with that European burden. I hope that they will perhaps use the UK presidency to push for an agenda for change on that.

I understand that there are plans to introduce a Bill on better regulation and that it will try to remove outdated and unnecessary legislation. At the same time, we must introduce tougher penalties for businesses that do not comply with the remaining regulations. Removing the burden of some red tape will assist some companies, but it may also encourage others to risk non-compliance. That should carry a penalty that is sufficiently severe to deter the said business from taking such avoiding action.

I applaud the Government's aim to reduce regulations, but I would ask the ministerial team involved to provide a mechanism whereby those businesses that wish to comply can get easier access to a basic level of information, possibly even sector by sector and through developing technologies. That would make it easier for businesses, especially small businesses, to comply. We want our business leaders to develop their businesses and to be able to face the challenges of an ever-changing world. The Government's proposals are very useful in that regard, but we can always do more to help, and I hope that the Ministers will feel able to include such measures in any legislation they introduce.

9 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): First, I should like to declare my interests, which are in the register.

The hon. Member for Ochil and South Perthshire (Gordon Banks) is obviously a worthy successor to his predecessor, who was a superb Chairman of the Trade and Industry Committee. The hon. Gentleman's business interests and experience will stand him in good stead in following in the footsteps of his predecessor, who is now a Member of the other place. We look forward to hearing from the hon. Gentleman again on matters to do with industry, business and regulation.

I concluded, as I am sure many of my hon. colleagues did, that the speech made by the Minister of Communities and Local Government was extremely complacent. He flagged up the areas in which the economy was doing well—yes, we do have low unemployment and reasonable economic growth—but he said nothing about the loss of manufacturing jobs when he was challenged to do so by my right hon. Friend the Member for Wokingham (Mr. Redwood). He did not say anything about the balance of payments, the record UK trade deficit, or the fall in our productivity. Nor did he say anything about the offshoring of manufacturing jobs. He did not mention, for example, the fact that Sony has recently announced that it is to move a lot of its jobs in Bridgend offshore from this country.

The Minister did not say very much about our loss of competitive position, which is very serious indeed. My right hon. Friend the Member for Wokingham mentioned the fact that we have fallen in the World Economic Forum's league rankings from fourth position in 1998 to 14th position today. That is very worrying indeed. The Minister said that we were doing better than countries such as France, Spain and Italy, but they are not even in the first 20 in those rankings. The point is that we are way behind the USA, Singapore, Australia, Norway, Japan and some of the smaller European countries.

Norman Lamb: Will the hon. Gentleman give way?

Mr. Bellingham: No, I will not; time is restricted.

The Minister should take on board the fact that the overall picture is far from rosy. The problem is that we are undermining many of the important supply-side reforms that took place in the 1980s and 1990s. That matters, and we have fallen in the league of world competitive rankings entirely as a result of excessive regulation and red tape. That observation is backed up by every independent commentator, including the CBI, the Institute of Directors, the Engineering Employers Federation, the British Chambers of Commerce, the Federation of Small Businesses and the Forum of Private Business. When describing the level of regulation that had been put on business, my right hon. Friend the Member for Wokingham mentioned a figure of £40 billion-plus since 1998. In fact, the CBI's figures are worse, because they show that the annual level of increase is £6 billion. That obviously works out at an even more worrying figure.

In the few brief moments available to me, I should like to examine some of the drivers of regulation, and to work out what we could do to reverse them. One of the main drivers is undoubtedly the European Union, which is responsible for roughly 40 per cent. of all the regulations affecting industry and business in this country. As my right hon. Friend pointed out, we should not just sit back and take every one of those EU directives on the chin. When the Conservatives were in government, we had an opt-out from the social chapter.

The Prime Minister may talk about the deficiencies of the European business and social model, rail against some of the directives coming down the track, and complain bitterly about the agency workers directive, but we are completely powerless to do anything about it. We can argue our corner, but because we are signed up to the social chapter, we have no right of veto—we have to implement whatever the directives require. We have no flexibility whatever. Therefore what the Prime Minister says about the deficiencies of the EU social model, and the need to move closer to the American model with a free market economy, will mean nothing unless we can get back an opt-out from the social chapter. It was claimed that that was impossible, that we would have to renegotiate various treaties and use our bargaining position, and that it would be completely unfeasible. How negative is that? If we go in with that attitude, of course we will not make progress. The Government have made it clear that they are not interested in changing anything for the better.

The second driver of excess regulation, as I see it, is gold-plating—that peculiar British habit and tradition of extending the scope of directives, not taking advantage of derogations that might be on offer, and providing much tougher sanctions than demanded by the directive. There

[Mr. Bellingham]

are many examples of that, but I will give just one, which I examined when I dealt with employment matters from the Front Bench in the previous Parliament—the EU part-time workers regulations, implemented through a statutory instrument in 2000. The EU directive stated that part-time workers must have the same rights as full-time employees, but left member states to decide how to implement the requirement. The UK regulations, however, included a provision that UK firms must issue any part-time employee who queried their terms and conditions with a written statement setting out all the reasons within 14 days—a much more onerous provision than in any other EU country. No wonder the British Chambers of Commerce argued that that was a classic case of gold-plating. Until we get a grip of this peculiar UK phenomenon, we will not significantly improve the situation in terms of excessive regulations.

Obviously, the third driver is Her Majesty's Government. All Opposition Members know that they have interfered and deliberately over-regulated. For example, Employment Act after Employment Act has put more burdens on business, escalating central control and intervening the whole time. In many areas, the Government have gratuitously and unnecessarily placed extra burdens on business.

That goes hand in hand with what I have described as the fourth driver of excessive regulation—administrative creep, or the extent to which government has grown in size. As my hon. Friend the Member for Havant (Mr. Willetts) has pointed out many times, the bigger government becomes, the greater the propensity to regulate and interfere. I find the sheer extent of that growth very worrying and disturbing. One of the statistics that the Chancellor of the Duchy of Lancaster did not mention was the change in central Government employment since 1997. He talked about how well the economy was going, and how unemployment had fallen, but he did not mention the 1 million job losses in manufacturing. Obviously, they have been compensated for by the huge increase in jobs in central Government. One would have hoped that Britain would be at the forefront of trying to drive forward wealth creation, but while central Government employment has fallen by roughly 8 per cent. in countries such as France, Germany, Sweden, New Zealand and Italy since 1997, the UK lies in second place in the Organisation for Economic Co-operation and Development world chart, with an increase of 8 per cent. Of course we need more doctors, teachers and nurses, but we do not need all these people interfering.

One example of that is the Department of Trade and Industry. Many of the great industries have been transferred out of the state sector into the private sector. One would have expected the DTI to become smaller. Far from it: its budget has risen from £2.7 billion in 1998 to £5.2 billion in 2005–06, and the number of civil servants and other employees has almost doubled.

Nothing that we heard from the Minister will do anything about those drivers. We heard nothing from him about how the compensation culture will be dealt with. We heard nothing about the huge extra burden imposed on businesses by the increase in insurance premiums, and nothing about the time and effort that businesses must now devote to employment tribunals in an attempt to combat that compensation culture. Unless we can change attitudes in Whitehall and reverse the "big government" process which means more interference and more regulation, we will not be serious about deregulation, wealth creation and encouraging entrepreneurs.

In today's *Daily Telegraph*, the new Minister for Industry and the Regions, the right hon. Member for Cardiff, South and Penarth (Alun Michael)—he will deal with small businesses and enterprise—went on about wealth creation and the importance of helping small businesses. Unless we have a serious policy to reverse the drivers of regulation, and unless we give serious consideration to measures such as those in my party's manifesto, which refers to a really tough, imaginative deregulation Bill, everything that the Government say—although it may be well intentioned and entirely genuine—will have very little impact on the ground.

I wait with bated breath to hear the Minister's winding-up speech, which I hope will give us some hope that the Government will act. Judging by what his colleague said earlier, however, I am not particularly optimistic.

9.11 pm

Mary Creagh (Wakefield) (Lab): Before I came to the House, I was fortunate enough to do a job that I loved. I was a lecturer at Cranfield School of Management. Over the past seven years I have helped scores of my students to start their own businesses, and have helped scores of entrepreneurs to enable their businesses to grow profitably. The businesses range from Moonpig.com, an online greetings card business, to Real Burger World, a slow-food burger company in south London which I heartily recommend to Members. I also advised many companies whose representatives took advantage of Cranfield's business growth programme. When I talked to those people I heard many complaints about cash flow, about late payments from suppliers and customers, and about the difficulty of growing a business while keeping it profitable.

Better regulation was not the subject of the biggest or the most important complaints. My students came from all over the world. Many chose to start their businesses in Britain rather than in their home countries because our barriers to start-up are among the lowest in the world. Being an academic, I did not rely on my own words. I showed the students reports from the Organisation for Economic Co-operation and Development to prove my point that our low-regulation environment would prove helpful to them.

Britain is also attractive to companies starting their businesses because of our relatively well-developed venture capital markets, both the private-equity and the more formal markets. It is time-consuming for companies to find private equity, but it is easier here than it is in other European countries. Our banking sector is more competitive than those in other countries. Owner-managers often told me that what mattered most to their businesses was a sympathetic bank manager—or finding one after disposing of an unsympathetic bank manager.

We have heard a good deal about small businesses today. They are the engines of innovation in our economy. When I worked in a high-tech university, I

saw how the teaching company scheme—later rebadged as the knowledge transfer partnerships—enabled universities and businesses to spin out new technologies and help the country to innovate. Under this Labour Government, the science budget for biotechnology and nanotechnology is nearly £3 billion, compared with a meagre £1.3 billion in 1997.

Fostering an enterprise culture is vital to Britain's economy. In my constituency we have a healthy mix of large and small companies, and unemployment is at a record low at 2.5 per cent. Businesses are enjoying business rate relief. Rural businesses are enjoying rate relief of up to 100 per cent. in villages containing fewer than 3,000 people. Many of them are enjoying 100 per cent. tax write-offs for their investment in new technologies, in research and development and in computers.

The enterprise culture that we have heard so much about is flourishing—at the moment—but regulatory reform should always remain a goal of any Government. Such reform should have clear public policy goals. It should allow small businesses to compete effectively against large companies, and allow them to compete for public contracts; we in this country have not always been successful in that regard. Such reform should also ensure that smaller and larger companies have equal access to finance. However, it should also remember that business takes place in society; that the environment should not be polluted; that fly-tipping instead of paying for waste disposal is a crime; that employees should have training in machinery and health and safety; and that no construction project or "dream building" is worth the life of a worker who is killed or crushed by machinery. One person's "regulation" is another's health and safety.

Regulatory reform in the UK must take into account three issues. First, we must ensure that regulations coming from the EU do not have a disproportionate impact on our small businesses, an issue about which we have heard a lot this evening. I am delighted that one of our priorities for the EU presidency is to lead the way on better regulation, and to ensure that fewer regulations come from Brussels. We have been successful in taking that message to other European countries, and there is a willingness to learn and to share our experience. But I also welcome legislation from Europe that helps our small businesses to compete better in a global marketplace. In an increasingly integrated world, we must ensure that our small businesses can grow internationally, as well as nationally.

The owner-manager of one of the small businesses that I used to deal with ran a container business. A change in EU regulation meant that for a short time, his was one of the few companies in the UK—indeed, in Europe—producing EU-compliant oil drums. That was clearly wonderful news for his business, because for a short while he was able to enjoy that rare thing that most businesses dream of—a monopoly. In our efforts to make the best, most environmentally friendly products in Europe, legislation can in fact act as a market opportunity, in which our world-class businesses can compete and thrive. Indeed, the right hon. Member for Wokingham (Mr. Redwood) told us how telecoms benefited from the opening up of EU markets in 1998.

Secondly, if we are to achieve better regulation, regulatory reform must try to simplify existing regulation. The March 2005 Budget included a radical overhaul of regulation. We have heard about the twin-track process—one in, one out—whereby any legislation that imposes regulation is accompanied by a compensatory measure to simplify legislation.

Thirdly, we must reduce the burden of inspection across all services and businesses, public and private. I am very glad that our excellent councils are being relieved of some of the comprehensive performance assessment inspections to which they have been subjected. A risk-based approach to inspection means lighter inspection for businesses with a proven track record, and a heavier regime for those that continually fail to meet social, environmental or regulatory standards. That is not bad for business; it is good for society and it is good for good businesses.

Let me return to the companies that I spoke to in my seven years helping people to start their own businesses. They all told me that the most important thing that a Government can do for them is to keep interest rates low and to keep their borrowings down. They remembered the banks knocking on their doors in 1991, when interest rates hit 10 per cent. and peaked at 15 per cent. They remembered 1992 to 1996, when 1,000 businesses a week went bust. They do not want a return to Tory boom and bust, to

"15 per cent. interest rates, sky-high mortgage arrears, negative equity, bankruptcies, entrepreneurs giving up the ghost on private-run companies and a lot of people losing their jobs. I don't think there was a family in the country that didn't experience at least one of those anguishes."

So said the right hon. Member for Wokingham in a speech to the Bow Group on 26 October 2004. Those companies want an educated work force. They want to give something back to the society that buys their products and services.

Let us put regulation in its place; it serves us, not the other way round. Small businesses are run by human beings with families who understand the pressures of the modern world. When the Government were introducing maternity rights, one owner-manager said to me, "All this talk about not employing pregnant women—I'd hire someone who was nine months' pregnant if she was the best person for the job." Small business owners live in the real world, and they want real-world solutions. They know that without maternity leave and without women having babies, they would have no customers for tomorrow's products and services, and no staff to make or market them.

There was much talk from Conservative Members to the effect that the minimum wage would cost British jobs, but they were wrong. Does giving new fathers two weeks off to learn how to change their baby's nappy mean the end of the business in which they work? Not if the business is any good. Does giving employees the right to take four weeks' paid holiday mean that companies will plunge into the red? Not if the business is any good. This is not bossiness gone mad, just good business.

I want better regulation and smarter regulation. Instead of seeing it as an added layer of bureaucracy, we should see it as a smarter way of working. The Government are trying and succeeding on deregulation.

[Mary Creagh]

We have gone beyond exhortation. I welcome the measures that we have taken to boost this country's economy and productivity and to create a healthy, thriving small business sector.

9.20 pm

Mr. Brooks Newmark (Braintree) (Con): I would like to thank the hon. Member for Wakefield (Mary Creagh) for her contribution. I felt that, with her experience of small business, she made some very sensible points, particularly about the need to strike a fair balance with regulation. Nevertheless, I would like to remind Labour Members of their 1997 manifesto commitment:

"We will not impose burdensome regulations on businesses, because we understand that successful businesses must keep costs down."

As we have heard from many Members this evening, earlier this year the British Chambers of Commerce published its latest findings, showing that the costs of new business regulations introduced since 1997 are now approaching £40 billion. That figure actually excludes the national minimum wage. It does not include it, as the hon. Member for North Norfolk (Norman Lamb) claimed. Indeed, the CBI has said:

"The Government must stem the red tape tide and make the regulatory environment more business-friendly. There is a pressing need for regulations to be cut-back and simplified."

Nevertheless, the Government announced back in August 1998 that no policy proposal that had an impact on business, charities or voluntary bodies should be considered by Ministers without a regulatory impact assessment first being carried out.

While regulatory impact assessments are in theory required to estimate the costs and benefits of regulation, there is no indication in the Cabinet Office guidance notes that proposed regulations should be aborted if, as is increasingly the case, their costs to business are found to outweigh their benefits. Indeed, the British Chambers of Commerce found that 23 per cent. of the RIAs it sampled in 2002–03 did not even attempt to quantify costs to business, and that 71 per cent. did not quantify the benefits.

Another problem is that the scope of cost-benefit analysis carried out in regulatory impact assessments is drawn extremely widely. The former Cabinet Office Minister, now the Minister for Europe said that an RIA procedure

"requires the responsible Minister to certify that he or she is satisfied that the benefits of the proposed measure justify its costs. The Minister will consider the full range of benefits arising from the measure, including social, environmental and economic".—[*Official Report*, 22 July 2004; Vol. 424, c. 515W.]

However, there is no objective way of measuring social or environmental benefit. RIAs can easily be reduced to subjective impressions. Furthermore, there is little scrutiny of the extent to which the particular costs and benefits predicted by officials prove accurate, once regulation actually comes into force.

Professor Ambler and Francis Chittenden, who studied 165 of the 197 RIAs published between July 2002 and June 2003, found that

"in many cases completion of RIAs remains a bureaucratic task to be despatched with as little effort as possible."

That impression was reinforced by a Government special adviser, who told the Social Market Foundation's regulatory best practice group:

"It would not be far off the truth to say that"

the Minister

"would hardly remember having seen"

an RIA.

"They have never made any difference to our work—we've got commitments to discharge and we're not going to let procedure get in our way."

So far, approximately 1,100 regulatory impact assessments have been issued since their introduction in 1998. In his study on behalf of the British Chambers of Commerce, Professor Ambler notes that in:

"many cases regulation is transferring government's administrative and social policy onto industry. In other words, whether intentionally or not, many regulations act as a form of taxation."

A good example of that may be seen from the current proposal for the Inland Revenue to take on the role of calculating and paying statutory maternity pay, maternity allowance and statutory adoption pay. The partial RIA on that topic states that it will cost the Inland Revenue £55 million in one-off costs and £26 million a year in ongoing costs to take that work over from employers. Since employers are currently required to administer those payments on behalf of the Government, employers are effectively contributing a lump sum of £55 million plus £26 million per year to the Inland Revenue.

I would therefore draw the Minister's attention to some of the BCC's recommendations on ways to improve RIAs. First, a Minister agreeing to an RIA where the quantified benefits do not appear to exceed the costs should explain why, in his or her view, the RIA is justified none the less. Secondly, Ministers, when signing, should also certify that the RIA meets the Cabinet Office guidelines and justify those areas where it does not. Thirdly, where consultees provide estimates of costs and benefits, a summary of those figures should be reported in the RIA. If those figures differ significantly from the Department's own estimates, a review date should be set—it suggests within two years—to examine the actual costs and benefits, as the guidelines already suggest in all cases. If, on completion of the review, it becomes apparent that the costs of the regulation are not justified by the benefits, the regulation should be revised or repealed.

Fourthly, sunset clauses should be used, except where the Minister, when signing, explains why it would be inappropriate in a particular case.

Fifthly, the Better Regulation Executive should maintain an up-to-date database and website of all RIAs, which should be serial-numbered and linked to relevant documents.

Finally, the BRE should publish an annual report, audited by the National Audit Office, of the Government's regulatory performance and compliance. That report should include additional costs and benefits arising from major regulations that have a significant impact on society, the economy and the environment.

Overall, however, the real objective is the need to achieve a significant net reduction in the regulatory burden presently placed on business.

9.27 pm

Mrs. Theresa Villiers (Chipping Barnet) (Con): What every Government, including our own, have to realise is that it is no longer as easy to dictate to a whole industry or a market how they run their business, because, faced with unreasonable or excessive regulation, many can simply vote with their feet and relocate elsewhere. If consumers do not like the rules that the Government choose to impose on them, they can often easily avoid them by visiting a website based offshore or simply getting on a budget flight to a country where they are allowed to engage in the practice they want to. Legislators now have less power over our daily lives than they used to and Governments need to recognise that we live in a changed and globalised environment. That must affect how they design regulation, where they choose to regulate and where they acknowledge they should not.

Obviously, a degree of regulation is useful to ensure that markets work efficiently and consumers are protected, but it is clear from the debate that the Government have imposed an excessive amount of regulation. They are not solely responsible for the problems, because the EU is another cost driver. A range of international organisations, many of which are increasingly opaque and unaccountable, also shape regulation in this country, such as the Financial Action Task Force, the World Intellectual Property Organisation, the World Trade Organisation and the Bank for International Settlements. We need to look at how such organisations work to try to reduce the flow of regulation that we receive from them.

As we have heard, it is the natural instinct of a legislator to regulate. In a sense, that is what many people feel they are in this place to do, and we must produce a political counterweight to that instinct. With hindsight, when a risk emerges, no legislator wants to be part of the Government who failed to regulate it away, but we need to acknowledge that we cannot regulate away all risk and we should not try to do so. One problem is that the legislators who produce new laws do not have to foot the bill—it is not like advocating more public spending. The people who actually have to pay the bill for new regulation are businesses, their customers and their employees whose jobs are threatened.

I want to consider briefly some of the ways in which we might produce a genuine political counterweight to the urge to legislate. All Governments talk about deregulating but few deliver on it. As many speakers have said, we need to ensure that legislation is properly costed and that a proper cost-benefit impact assessment is made before the decision to legislate. We need to consider whether legislation is necessary or whether competition could provide an acceptable solution to the problem. Is there a real market failure and, if so, is legislation the best way to tackle it?

To make a reasoned judgment on those questions, we need serious, effective and sound regulatory impact assessments that provide a range of options. As we have heard, RIAs are too often bland, superficial and self-serving. It is vital that they present decision makers with various options—including that of no action at all—from better enforcement of existing rules to small-scale changes in the regulatory structure of significant new legislation. Options to exempt small businesses should always be considered but they are not a panacea for over-regulation, because jobs can be threatened by the over-regulation of large businesses, too.

When the National Audit Office looked at the RIAs produced by the Government, there was concern that only two in the sample contained a series of options for Ministers. We can contrast that with the situation in other countries. For example, in Australia, the assessment for the Fuel Quality Standards Bill included seven options and 40 pages of in-depth analysis. We need more research into standardising and strengthening the analysis of the decision on whether to regulate or legislate. We need more standardised and rigorous data collection.

The Treasury green book "Appraisal and Evaluation in Central Government" identified another problem:

"a systematic tendency for project appraisers to be overly optimistic".

That is classic Treasury understatement. There is perennially a bias in favour of an optimistic approach to the usefulness and effectiveness of regulation.

As well as improving the analysis of cost impact assessment, we need to increase the political weight behind it. Cost assessment should ideally be conducted by an agency that is independent of Government. Again, there are precedents overseas. In the Netherlands, such a model has been successfully pioneered.

Another option is to grant affected parties the right to challenge a piece of legislation in the courts if no proper cost-benefit analysis was conducted. That has worked well in the United States, where the courts have begun to strike down secondary legislation if it is not properly costed.

Above all, it is important that, when the House signs off a piece of legislation, we do not consider that our job is done. We should continue to assess and review whether the legislation should remain on the statute book, especially in the case of EU directives. There should be a built-in method of assessing whether they should remain. Ideally, almost all regulation should be subject to sunset clauses. There should be regular review of absent sunset clauses and of cost impacts to see whether the original problem has been solved or whether it could be dealt with by competition. We need to consider whether our existing law is still effective in solving the problem. The House should make such review a priority, as it is vital to securing both the competitiveness of our nation and our continuing prosperity.

9.35 pm

Mr. David Gauke (South-West Hertfordshire) (Con): We have heard Labour Members boast about the 2 million new jobs that have been created since 1997, and a number of Conservative Members have pointed out that many of those jobs were in the public sector. However, we should acknowledge that some of those jobs are in the private sector. Indeed, I come from one of the growth areas in the private sector: a few weeks ago, I worked as a lawyer specialising in financial services regulation, which is a booming part of the economy because of the ever-increasing rules and regulations applied by the Financial Services Authority. Even quite large and sophisticated financial services firms require assistance in dealing with the authorised persons regime.

[Mr. David Gauke]

with money laundering, as we heard earlier, and with the whole application process—a welter and gamut of areas that require detailed technical assistance. I am afraid that that is not untypical and that the same thing could be said of a number of other parts of the economy.

Let us take the FSA as an example. A lot of the rhetoric that comes from the FSA is highly encouraging and welcome. It talks about a risk-based, principle-based approach, which is largely welcomed in the industry. However, what we often get with regulators and, I suspect, with the Government is that, while much of the rhetoric and intent is welcome, it does not work out in reality. Although the talk at senior level is of a risk-based approach, when it comes to transmitting that in practice, what we get is a much more rigid adherence to detailed rules—a box-ticking approach. That is what a lot of the industry finds.

I know from personal experience and from a study carried out by the Centre for Policy Studies that such things are common. It is no surprise, that even the Prime Minister recognises some of the difficulties with this specific issue. He says that

"something is seriously awry . . . when the Financial Services Authority . . . is seen as hugely inhibiting of efficient business by perfectly respectable companies that have never defrauded anyone".

Of course, that contrasts with the Chancellor's approach when he says that the FSA is a world-leading example of how to regulate financial services, but perhaps I shall leave that aside for a moment.

I quoted the speech that the Prime Minister gave to the Institute for Public Policy Research on 26 May. I have read through it, and it is a reasonable and impressive speech, but it contrasts with the Minister's speech, in which he painted a picture of a world where regulation was not a problem in business, in the public services or in the voluntary services. Everything seemed to be absolutely fine. However, the Prime Minister in referring to "intrusive regulation" said:

"So what to do? First, recognise the problem."

I should have thought that this evening provided an ideal opportunity for Labour Members to recognise the problem, but there is no sign of them doing so whatever. It is also worth pointing out that the Minister quoted a couple of senior Conservatives who, after leaving government, spoke about the difficulties of deregulation. It appears that the Prime Minister is even more advanced, because he has not yet left the Government, but already recognises the Government's difficulty in deregulating.

I shall move on to other areas. I referred to financial services and, of course, business regulation is a key aspect, but let us also consider local government. My constituency faces a specific health and safety problem with monuments in cemeteries. There is a legitimate health and safety issue with such monuments because some tragic incidents have occurred in recent years. However, a disproportionate approach appears to be applied by the Health and Safety Executive in requiring that every monument, even if only 18 in or 2 ft above the ground, must be rigorously tested and removed. That causes a great deal of concern for my constituents and a degree of sensitivity.

I also wish to touch briefly on the voluntary sector, which has not been referred to in the debate. I have spoken to charities in my constituency that find that they are losing volunteers because of the increased burden of bureaucracy. Volunteers are driven away by having to carry out risk assessments, the training requirements and the delays in charities being able to make use of them because of those requirements.

The Government must recognise a problem in this country with regulation. A remote Government set rules but, by the time they are transmitted, they cause enormous difficulties—be they in our public services, our voluntary sector or in business.

9.40 pm

Mr. David Willetts (Havant) (Con): We have had a useful debate that was powerfully opened by my right hon. Friend the Member for Wokingham (Mr. Redwood) and included valuable contributions from my hon. Friends the Members for North-West Norfolk (Mr. Bellingham), for Braintree (Mr. Newmark), for Chipping Barnet (Mrs. Villiers) and for South-West Hertfordshire (Mr. Gauke). They all spoke about the sheer frustration that so many business people and British citizens feel at the burden of regulation that they now face.

What a pity that the Chancellor of the Duchy of Lancaster just did not seem to be aware of the economic impact of the regulations that his Government are imposing. He gave a complacent account of the state of the British economy and seemed to fail to recognise the problem of regulation. All he needed to do was to read this morning's *Financial Times*, in which he would have found that Sir David Arculus—who is, after all, the head of the Government's own taskforce—estimates that the cost of regulation to the British economy is between 10 and 12 per cent. of GDP. That makes up to £150 billion of regulatory costs on the British economy. Of that, some is, of course, desirable or necessary regulation; we recognise that. However, on Sir David's estimate, one third is bad regulation. That means that £50 billion is the cost of bad regulation. That is the scale of the challenge that the adviser to the Chancellor of the Duchy of Lancaster set out. What a pity he did not seem to recognise it.

Many of us see at close hand in our constituencies the effects of some of the Government's ill-thought-out regulations. I think of the volunteer who helped to check the electric wiring at our local church hall. He will now have to pay an exorbitant price to be certified as a competent person to carry on doing something that he had been doing as a volunteer. I think of the money-laundering regulations that mean that people who want to start a small business and get on with creating wealth for our country have to spend weeks, if not months, presenting documents to a bank before they can even open a bank account. I think of the threat posed by the Licensing Act 2003 to our village halls and to many of our local charities. I think of the social hall attached to a firm in my constituency that previously paid £16 a year to be registered as a place where people could come and enjoy a pint and that is faced with a fixed charge of £1,000 and an annual payment of £300. Those are the burdens and human costs of the regulations that this Government have imposed, but one would not have believed it from anything that we heard from the Chancellor of the Duchy of Lancaster.

Ministers, of course, pledge to act—they always pledge to act. In fact, that is what they have said in successive manifestos. The Labour manifesto of 1997 said:

"We will cut unnecessary red tape".

The Labour manifesto of 2001 said:

"We will cut back the red tape associated with regulation".

Its manifesto of 2005 said that it

"will set exacting targets for reducing the costs of administering regulations."

That is what Labour always says, but it never does it. Meanwhile the burden of regulation gets heavier and heavier. All that we get are endless reports. In fact, Labour is so committed to cutting back the burden of bureaucracy and red tape that we got no fewer than two reports on the same day earlier this year about reducing the administrative burden and the amount of regulation. We have taskforces, we have panels, we have units, but we do not have action.

We have a specific pledge that was made in 2002, and it would be interesting to hear from the Minister how he thinks he is doing on it. There was a Cabinet Office pledge to

"delivering the commitments in the Regulatory Reform Action Plan, including over 60 Regulatory Reform Orders by 2005."

The Government set themselves the target of repealing and reversing 60 regulatory orders by 2005, but what happened? The score was a mere 25 orders, but they have got out of their manifest failure to meet that target by rewriting it, so the target is now 75 regulatory orders by 2008. That reflects their failure to tackle the problem.

The Government promised to introduce business planning zones. The Treasury document, "Enterprise Britain: a modern approach to meeting the enterprise challenge" said, under the heading "Regulatory reform":

"New planning reforms will allow local authorities to cut red tape for new and expanding businesses by removing the need to apply for planning permission in designated Business Planning Zones."

Three and a half years on, where are these designated business planning zones? They do not exist yet—not a single one has been created. The Government talk about things, but they do not do them.

We have a Ministerial Committee on Regulation, Bureaucracy and Risk. It even has a Sub-Committee: the Sub-Committee on the Panel on Regulatory Accountability. The Sub-Committee has the Prime Minister as Chair, but just in case he needs support, it has a joint Chair: the Chancellor of the Exchequer. In case the Chair and the joint Chair are not enough—after all, the Sub-Committee is supposed to be cutting back on bureaucracy—the Chancellor of the Duchy of Lancaster is the alternate Chair. The Sub-Committee is supposed to hold Departments' regulatory performance to account, but what has it done? What has it achieved and what has been delivered? Of course, very little has happened.

The Chancellor of the Duchy of Lancaster said that good progress has been made and that the measures that the Government have taken had been welcomed by business, but as my hon. Friend the Member for South-West Hertfordshire pointed out, that is not what the Prime Minister says. It was not what the Prime Minister said in his speech to the Institute for Public Policy Research on 26 May 2005, when he said:

"The result is a plethora of rules, guidelines, responses to 'scandals' of one nature or another that ends up having utterly perverse consequences."

Those words of the Prime Minister were very different from those that we heard today from the Chancellor of the Duchy of Lancaster.

The Prime Minister went on in that speech to describe some of the problems realistically. He spoke about the Financial Services Authority, which was established to provide clear guidelines and rules for the financial services sector and to protect the consumer against the fraudulent. He said that the FSA was

"seen as hugely inhibiting of efficient business by perfectly respectable companies that have never defrauded anyone."

One wonders who introduced the FSA. Whose legislation was the Prime Minister so savagely attacking? He was attacking his own legislation. The body was his own creation and the Prime Minister knew that there was a problem because he went out of his way to attack his own policy.

Several of my hon. Friends have pointed out that the Prime Minister has talked frankly about the problems of EU regulation. In the same speech he said:

"About 50 per cent. of regulations with a significant impact on business now emanate from the EU."

Conservatives Members know that that is a problem. He went on to say:

"And it often seems to want to regulate too heavily without sufficient cause. The EU vitamins directive is a good example."

Conservative Members have regularly challenged the Prime Minister and the Government on the effect of the EU vitamins directive. It was no good him turning up to attack it last month because when he was asked about it by Conservative Members at Prime Minister's Question Time last December, he said:

"As ever, we must proceed according to the science, and the position set out by the Government is the one that I support."—[*Official Report*, 1 December 2004; Vol. 428, c. 633.]

He delivered a speech last month in which he attacked a regulation that he supported.

The Prime Minister went further in his speech by attacking other regulations. He said:

"A village in the Cotswolds was required to pull up a seesaw because it was judged a danger under an EU Directive on Playground Equipment for Outside Use. This was despite the fact that no accidents had occurred on it."

One might think that that powerful example of over-regulation was attributable to that EU directive. The only trouble is that there is no such EU directive on playground equipment for outside use. In fact, playgrounds are not regulated by the EU at all. No EU directive covers playgrounds. So we have a Prime Minister who turns up to announce that he is against red tape, who denounces his own legislation, who claims to agree with us on a directive that he has defended from the Dispatch Box, and who invents EU directives that he can then attack. He is not a very good chairman of this panel on regulatory bureaucracy if he knows so little about his Government's policies.

[Mr. David Willetts]

Conservative Members understand the problem. We are committed to tackle it. That is why we will vote for our motion.

9.50 pm

The Parliamentary Under-Secretary of State for the Cabinet Office (Mr. Jim Murphy): We have had a timely and interesting debate. Among other things, we heard about rabbit holes, the Warren commission, grassy knolls and even nits in the Members' changing room, although I have not yet seen those. We also had contributions from my hon. Friends the Members for Ochil and South Perthshire (Gordon Banks) and for Wakefield (Mary Creagh), and the hon. Members for North-West Norfolk (Mr. Bellingham), for Braintree (Mr. Newmark), for Chipping Barnet (Mrs. Villiers) and for South-West Hertfordshire (Mr. Gauke). I agree with the hon. Member for South-West Hertfordshire more than most, if only because he quoted the Prime Minister. One tip I was given this evening for my first winding-up speech was always to agree with the Prime Minister when he is quoted.

My hon. Friend the Member for Wakefield said that we need to get the balance of regulation right in terms of laudable aim and risk. She talked with great experience from her life before being elected to this place. My hon. Friend the Member for Ochil and South Perthshire brought his business experience to the debate when he stressed the need for us to support small businesses. He asked about providing one source of information in a one-stop shop for small businesses. I am delighted to remind him that the Department of Trade and Industry website has a specific one-pager on compliance for small businesses. I shall give him that address. It is one aspect of what we are undertaking.

Sole traders need one form to set up. Private companies need five. That may be too much, but 20 licences, certificates and registrations were needed to start a business in the 1990s. We have also introduced 400 deregulatory measures, cut small companies' corporation tax and extended research and development tax credit, providing £400 million to businesses.

We also heard an interesting speech from the hon. Member for Braintree, who clearly has strong and detailed opinions on regulatory impact assessments. He will have the opportunity to raise those specific points when we discuss various Bills in the Chamber and in Committee.

The hon. Member for North-West Norfolk, in his usual passionate and unique way, offered generous praise to the former Chairman of the Trade and Industry Committee. I also heard him offer sedentary support to the right hon. Member for Wokingham (Mr. Redwood) in his possible leadership challenge. Perhaps new hon. Members do not know that the hon. Gentleman served for six years as a Parliamentary Private Secretary to the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), who has his hat in and out of the ring. I look forward to that conversation on his backing for the right hon. Member for Wokingham.

The hon. Member for Chipping Barnet has large footsteps to follow in the shape of Sir Sydney Chapman, who had a strong reputation and was respected by hon. Members on both sides of the Chamber. She and others talked about the need for risk-based assessment as we regulate. They were correct in doing so. We are also committed to reducing the number of regulators who interact with business from 31 to seven, to reducing the number of inspectorates that interact with public services from 11 to four, and to introducing not one but two deregulation Bills. We are determined to make progress in reducing the number of inspections of good councils and schools, strong police forces and other bodies.

We have had an interesting debate. Better regulation is crucial if the UK economy is to meet the challenges of established economies in the US, Japan and elsewhere. It is also crucial if we are to continue to be one of the most successful economies in Europe—if not the most successful—if we are to remain the most stable economy in the G8 and if we are to position our economy strategically so that we can meet the challenges of the coming economic age and the massive global challenge posed by India and China. We will never compete with India and China if we accept the Opposition's rhetoric about low-cost employment. Our competitive edge will depend on our having the best skilled work force, and on basic innovation and world-class research. Better regulation will play an important part in achieving that.

Turning to other contributions, the hon. Member for North Norfolk (Norman Lamb) highlighted the Liberal Democrats' priorities, as we heard about support for a national scheme of dog licensing from a party that opposed the national minimum wage.

Jon Trickett (Hemsworth) (Lab): His speech was barking.

Mr. Murphy: Of course it was, and it seemed to be longer than was in fact the case. There was a point at which I hoped that the hon. Gentleman would offer to send me a copy of his speech, and save me listening to the last 10 minutes. He asked about regulatory impact assessments, and I can confirm that, after consultation, a series of amendments have been made to proposed pieces of legislation in the UK and in the European Union, some of which have been withdrawn as a consequence of negative RIAs. He asked whether the use of sunset clauses would become standard. We do not believe that that is necessary. It is necessary in some cases such as legislation on civil contingencies and anti-terrorism laws, but we do not wish to use them as standard, because it would create great uncertainty among business and others about the direction of government. It would also be much more expensive.

The hon. Member for Havant (Mr. Willetts) is rightly considered by himself and others as having two brains, but that assessment is called into question by his publicly stated desire to lead his party. Tonight, he should have used his two brains to help write two speeches for the Tory spokesmen. Without wishing to be unkind, the speech by the right hon. Member for Wokingham was a cut-and-paste assembly of stories from page 17 of various editions of the *Daily Mail*. *[Interruption.]* I know I am being generous. In a 30-minute speech, he only woke up in the final 30 seconds. Listening to him, I was reminded of a

man for whom time stands still. It is as if in the mid-1990s he fell asleep at his desk as Secretary of State for Wales, and only woke up today. He attacked inefficiency in the UK economy and talked about the scourge of mass unemployment, but as he stirred from his slumbers, he did not seem to realise that we have moved on from the days in which 3 million people were unemployed and interest rates were set at 15 per cent. for one year and at more than 10 per cent. for four years. He missed the fact that regulation doubled under the Conservatives and that the number of statutory instruments increased to more than 3,000. It is no surprise that he is one of the few former Tory Cabinet Ministers who has failed to dip at least one toe into the pond of the Tory leadership challenge.

Labour Members believe that the UK's competitiveness—its sense of purpose and its ability to compete in the EU and elsewhere—is essential if we are to remain at the cutting edge of the EU and meet the challenges of the world economy. We need strong, positive and determined leadership in the EU; we need to continue record levels of investment in, and reform of, the public services; and we need to maintain a stable and dynamic economy. I urge my hon. Friends to oppose the motion and support the amendment that stands in my name and those of my hon. Friends.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 198, Noes 313.

Division No. 27] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cameron, Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Forth, rh Mr. Eric
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Mr. Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paisley, Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Rogerson, Mr. Dan
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Michael Fabricant and Andrew Selous

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive

Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creegh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Winnick, Mr. David
Winterton, Ms Rosie
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and Tony Cunningham

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):*—

The House divided: Ayes 304, Noes 203.

Division No. 28] **[10.15 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh [illegible]
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cosker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Rudduck, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil

Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Tony Cunningham and
Mr. Frank Roy

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cameron, Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Ferron, Tim
Field, Mr. Mark
Forth, rh Mr. Eric
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Ms Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Leach, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paisley, Rev. Ian
Peterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Rogerson, Mr. Dan
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Michael Fabricant and
Andrew Selous

Question accordingly agreed to.

MR. SPEAKER forthwith declared the main Question, as amended, to be agreed to.

Resolved,

That this House welcomes the steps the Government is taking to remove unnecessary regulations and rationalise inspection arrangements in both the public and private sectors; acknowledges the additional freedoms given to high performing schools, hospitals and local councils; notes the lead the Government has taken in driving forward the better regulation agenda in Europe; recognises the benefits that well-targeted and proportionate regulation can bring in driving up standards; and further notes that the UK is seen by international observers as a leader in the field of regulatory reform and that the success of the UK economy reflects the approach the Government has taken.

CONSOLIDATED FUND (APPROPRIATION) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Bill accordingly read a Second time

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 115(3) (Northern Ireland Grand Committee (delegated legislation)).

NORTHERN IRELAND

That the draft Budget (No. 2) (Northern Ireland) Order 2005, which was laid before this House on 9th June, be approved.—*[Mr. Alan Campbell.]*

Question agreed to.

ADJOURNMENT (SUMMER)

Motion made, and Question put forthwith, pursuant to Standing Order No. 23 (Periodic adjournments).

That this House, at its rising on Thursday 21st July, do adjourn till Monday 10th October 2005.—*[Mr. Alan Campbell.]*

Question agreed to.

Community Hospitals (New Forest)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

Mr. Speaker: I call Dr. Lewis.

Mr. Desmond Swayne (New Forest, West) (Con): Hear, hear!

10.29 pm

Dr. Julian Lewis (New Forest, East) (Con): I am very grateful for the fact that I have attracted the above-average number of Members who are remaining this late in the proceedings. I am even more grateful for the vocal support of my hon. Friend the Member for New Forest, West (Mr. Swayne).

I first raised the question of the closure of in-patient beds in community or cottage hospitals in the New Forest at business questions on 9 June. The Leader of the House—I am sorry not to see him here tonight, although I am pleased to see the far more appealing form of the Under-Secretary of State for Health, the hon. Member for Don Valley (Caroline Flint), in his stead—gallantly said that he was looking forward to reading my speech in the Adjournment debate for which I would undoubtedly apply. This is that speech, and I hope that in due course the Leader of the House will feel informed by what he reads in the days ahead.

Even as we speak, events in New Forest primary care trust are unravelling fast. Only this week, the *Lymington Times* featured an article headed:

"Why is Hythe minor injuries unit still closed?".

I should explain that the two hospitals to which I shall refer are Hythe hospital and Fenwick hospital in Lyndhurst. Both hospitals are much loved. Both were created as a result of money raised by the local communities, both have a high reputation, and both were part of something called the community health services trust, which was still in place when I became the Member of Parliament for New Forest, East in 1997.

I am reliably informed that running the community health services trust was always financially tight, but that there was no question of its operating in deep deficit—a deep deficit that has become catastrophic in the four years or so since the trust was replaced by New Forest PCT. I would say a word or two about the financial aspects, but that it is not the matter on which I propose to concentrate.

Certainly a good many PCTs started with deficits. I understand that New Forest PCT started with a deficit of about £2 million. But by March this year I was being told by the chief executive that the deficit would be up to £11 million, and now that gentleman—Mr. John Richards—states that it will be £13.5 million.

When the PCTs were set up, there was an immediate expansion of management. Ten PCTs came into existence in Hampshire alone, instead of a single health authority. There have been many explanations for the increase in the debt. I have been told, for example, that New Forest has been charged up to 30 per cent. more for the same services because we are regarded as being more prosperous. It is a fact, however, that the community or cottage hospitals have never been a great drain on the national health service. Even today, the League of

[Dr. Julian Lewis]

Friends of Hythe hospital has £123,000 in the bank which it is willing to make available in the future, as it has made so many hundreds of thousands of pounds available in the past, to support the hospital and pay for equipment.

To be fair to the PCT, I should say that I got in touch with Mr. Richards, told him about the debate and offered him an opportunity to give his account of why there is such a gigantic debt. He replied:

"The PCT has a recurring deficit as of the 1st April 2005 of £13.5 million"

—the figure that I mentioned a few moments ago.

"This is effectively the overspend that we had in 2004-05 plus the £4.8 million of support via SHA"

—the strategic health authority—

"and adjustments from our balance sheet, being the reversal of prior year provision no longer required."

I hope that that is clear to everyone, even if it is not clear to me.

"This helped to reduce our overspend last year. The underlying deficit is added to by the funding of mandatory NHS investments/ inflation (consultant contract, pay awards, agenda for change etc) which has to be passed on to all our providers. The impact of prior year commitments and the full year effect of last year's developments adds to our deficit, the bulk of which relates to the full costs of acute hospital activity under payment by results. Effectively the New Forest has in the past not paid the full cost as per the national tariff which gives us an in-year cost pressure. This is compounded by the fact that emergency admissions to hospitals are rising above the national average."

That is the financial picture as painted by the PCT. I do not wish to dwell further on that, because the PCT is not using financial pressure as the argument for closing in-patient beds in the New Forest's community hospitals. On the contrary, we are being given a doctrinal update of what we were given when so many mental health establishments were closed previously, in order to bring about care in the community. We are being told that people in in-patient beds in community hospitals do not really need to be there, and that they would be much better catered for in their own homes. We are told that there will be a consultation exercise.

Sandra Gidley (Romsey) (LD): The hon. Gentleman will be aware that the consultation affects Romsey hospital, which is in my constituency. Is he also aware that a bed-usage survey claimed that only a small percentage—some 16 or 17 per cent.—of people in community hospital beds need to be there? But the problem is that it is difficult to get hold of that document or to find out the assumptions on which it was based. Nor has there been any consultation with local GPs.

Dr. Lewis: The hon. Lady is absolutely right, and I thank her for her contribution. A great deal of secrecy is involved in this process, and I give notice now that I intend to apply, under the terms of the Freedom of Information Act 2000, for as many documents as I can obtain from the PCT, in order to determine its real strategy with regard to closing beds. It has become blindingly obvious that the intention all along has been to close these hospitals and to remove a whole layer of care.

I began by saying that we were supposed to have a consultation exercise. I was assured at several of the public presentations that I attended, which were given by the PCT chief executive and members of his staff, that that consultation exercise had yet to begin. I was given an absolute assurance at those meetings that the consultation would come later, and that there were five options on which people could give their views to the PCT. They ran the full gamut—from not closing any community hospital beds to closing them all. Now, we are led to understand that the goalposts have been shifted. The scene has been shifted, and in fact a piece of extremely sharp practice has been carried out. We are now told that the five options have become two. Given the tenor of my remarks, it will not surprise Members to learn that those two options are to close a lot of beds, or to close them all.

In a letter to the chairman of the health review committee, the chief executive of the New Forest PCT said that

"the feedback from the public has been that the most valued local services are outpatients, investigations and day surgery, and that where possible they would prefer to receive care in their own homes. Inpatient beds were seen as a lower priority."

That will come as news to the 4,300 people who have signed a petition protesting against the closure of in-patient beds in the Fenwick hospital in Lyndhurst.

My time is very short, as I wish others to have a chance to contribute to the debate, so I will just say this. It is clear—indeed, it is a mathematical certainty—that the closure of these hospitals will make the financial position worse, not better. It is absolutely obvious that if 20 patients are to be catered for in 20 different homes, they will require more people to support them than would be required if they were concentrated in a single location such as a cottage hospital. Even now there are not enough people to support those who require attention in their own homes and if the cottage hospitals disappear, one of two things will happen. Either people will remain at home when they should be in a cottage hospital, or they will go into the only remaining hospital beds—the expensive beds in the general hospitals. Indeed, general hospital beds are three times as expensive as community hospital beds.

I want to end on a positive note. Hampshire county council, which has been repeatedly rated as excellent, is introducing plans to provide 500 nursing care beds at 10 locations in the county. Out of the 500 beds, 100 will come to the New Forest. If the number rises to 800 beds, including rehabilitation beds, it will mean 160 beds in the New Forest. There is every possibility that Hampshire county council can come to the rescue here by using the sites, if not the buildings, of these cottage hospitals to keep these much loved and much valued enterprises alive. Speaking for myself, I would have a lot more confidence in an excellent county council running these establishments than in the absolute catastrophic mess made by an incompetent management that has filled the local service with dismay and despair.

10.41 pm

Mr. Desmond Swayne (New Forest, West) (Con): I thank my honourable, indefatigable and great Friend the Member for New Forest, East (Dr. Lewis) for his persistence and generosity.

What on earth is happening? We are told that we are spending ever greater amounts on the national health service. We know that we are paying ever greater amounts in our income tax and national insurance contributions, but why are we not getting our share in south-west Hampshire? How is it that we are now being told that the New Forest primary care trust may not be able to honour the decisions of the National Institute for Clinical Excellence when it comes to prescribing and that either all or most of our community hospital beds are to be closed?

What I really resent is being told that less means more, that all this does not represent a cut at all, as it is part of a new, improved model of working and an improvement in the service. We are even told that these people do not need to be in hospital as they would be much happier at home. Teams are to be provided, we are told, to go into people's homes to care for them so that they do not have to go to hospital. Anyone who has a domiciliary care package funded by social services in Hampshire will know that the staff to provide those services simply cannot be had. The notion that the cash-strapped New Forest PCT will be able to provide the services is utterly fanciful.

The hon. Member for Romsey (Sandra Gidley) referred to the bed survey. I have deep reservations about the work that went into that and I have received representations about it from general practitioners in the New Forest. It simply does not take into account the fact that the typical stay in an acute bed in Southampton or Bournemouth is a week, whereas in the New Forest community or cottage hospitals it is four weeks, because of the emphasis placed on rehabilitation. Add to that the completely inadequate arrangements for transferring patients from acute care back into the community—let us say in a rest home or a care home—and we have a recipe for absolute disaster. It is bad enough that beds are being blocked in acute hospitals, but if we lose the beds now available in the community hospitals in Milford and Fordingbridge in my constituency, for example, we will place an enormous burden on what is held out as the great prize—the new hospital to be built in Lymington.

Lymington holds out an enormous opportunity because it allows the possibility of bringing back some of the acute care that is now delivered in Bournemouth and Southampton, with huge financial savings for the New Forest primary care trust. However, if we close the beds in the New Forest community and cottage hospitals, we run the risk of that opportunity completely disappearing, at great financial cost to the New Forest.

The hospitals in Fordingbridge and Milford are near the centres of population and, more particularly, near the centres of elderly population. That is an important factor in the New Forest, where public transport is largely non-existent. The hospitals have a good standard of facilities, supported—as my hon. Friend has pointed out already—by extraordinary efforts by leagues of friends. They have an excellent record of clinical and rehabilitation care and infection control. Both are next door to local GP practices—a very important factor—and they both have parking, which Southampton hospital, Bournemouth hospital and the new hospital at Lymington do not have, which is another important factor.

Under section 10(2) of the National Health Service and Community Care Act 1990, the Minister has the power to set aside the requirement on the New Forest primary care trust to balance the budget. I urge her to take the opportunity to do so this year, so that we can examine the case that has been made and ensure that an enormous opportunity for the new hospital in Lymington is not lost through the closure of the facilities in Milford and Fordingbridge. Their closure would place a huge burden on the new hospital that it would not be able to discharge, with financial and on-going consequences for the primary care trust.

10.47 pm

Dr. Andrew Murrison (Westbury) (Con): I congratulate my hon. Friend the Member for New Forest, East (Dr. Lewis) on introducing this debate, and I wish to contribute briefly to it. The clinical case for cottage hospitals is well made. We all know about the excellent health care that community hospitals provide to patients. We also know how loved they are by their communities. What has not been made clear enough is the economic case for community hospitals, and I hope the Minister will talk a little about that.

There is a natural centralising tendency on the part of health care managers and policy makers. When choosing between options, they invariably choose the closure of a peripheral unit. I hope that the Minister will note the comments made by my hon. Friend in terms of the relative cost of acute hospital care and community hospital care, and that they will influence the decisions that she makes and her vision for the future of community hospitals.

10.48 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I congratulate the hon. Member for New Forest, East (Dr. Lewis) on securing this evening's debate and I welcome the contributions from the hon. Members for Romsey (Sandra Gidley), for New Forest, West (Mr. Swayne) and for Westbury (Dr. Murrison).

On the point just made by the hon. Member for Westbury, it is important to consider a health service fit for the 21st century. As the Minister with responsibility for public health, I am keen to see what we can do outside hospitals to encourage preventive health measures that, in the medium to long term, will change the journeys of many people who, for all sorts of reasons, end up in the acute sector for treatments and operations that—with more emphasis on public health and treatment outside hospitals—they might not require.

We must also recognise that within our hospitals, acute and community, a wide-ranging debate is being held about whether all the services currently provided are fit for purpose and whether some of them could be better provided in a different environment. In addition, as the number of elderly in our population is expanding, we need to look into providing services that meet people's needs in different circumstances. I am sure that every Member in the Chamber acknowledges that older people prefer to have services that enable them to continue an independent life in their home environment for as long as possible. They want local services, but not necessarily in a hospital.

[Caroline Flint]

Having said all that, I agree that there is not a one-size-fits-all solution and there is a continuing role for acute hospitals and community hospitals. I am sure that hon. Members are aware that our general election manifesto highlighted the fact that community hospitals would have a role. However, in a health service fit for the 21st century, we must have provision that meets the needs of local communities, and I pay tribute to the staff in the areas of all the hon. Members, and in mine and that of my hon. Friend the Economic Secretary to the Treasury, for their important work to support patients.

I acknowledge that many campaigners, on whose behalf the hon. Member for New Forest, East spoke this evening, are concerned about the provision of local health services and have expressed their opposition to the proposals made by the South-West Hampshire primary care trust alliance. I assure them and the hon. Gentleman that no final decision has been to close hospitals and that there will be extensive consultation.

Before talking in detail about the proposals, I shall outline how the NHS is organised and where responsibility lies. From some of the comments of Conservative Members and of the hon. Member for Romsey, one might think that they did not believe in local decision making. From their comments, one might conclude that, although they argue for local decision making, when it happens, they are not quite so much in favour of it. However, it is important that the stakeholders who lead the consultation listen to local communities and make their case.

Mr. Swayne: To whom are those local decision makers accountable and by whom have they been elected?

Caroline Flint: As the hon. Gentleman knows, it is the responsibility of PCTs, working in partnership with strategic health authorities, to determine how best to use funds to meet national and local priorities for improving health, tackling health inequalities and modernising services. There have been discussions and consultations with local service users on the best use of services, and they will continue. I am sure hon. Members will agree that hospital and community services need to continue to modernise to meet the needs of patients. That is the process under way in the New Forest.

Hon. Members, especially on the Conservative Benches, have always been keen to advocate prudent financial management. There are some real issues relating to deficits and efficiency. Part of what we are trying to encourage, which I hope hon. Members will support, is a good look at how services are being provided and whether they meet the needs of local communities or whether they could be provided in a better way to meet both local needs and the requirement for financial accountability.

The two primary care trusts responsible for community hospitals in the constituency of the hon. Member for New Forest, East—New Forest PCT and Eastleigh and Test Valley South PCT—have formed an alliance under one management team to undertake a strategic review of community services. Nationally, there is increasing emphasis on providing services for patients, where possible, in the community—I acknowledge that it may not always be possible—enabling them to remain at home, without the need for a stay in hospital. That is a vision of a patient-centred service—not one size fits all, but a service that delivers health care where the patient wants it, and it underpins our drive to modernise NHS services.

Locally, other factors have necessitated the alliance's review of community services. Five community hospitals will come under the review: Milford on Sea, Hythe, Fenwick Hospital in Lyndhurst, Romsey and Fordingbridge. They are all about 25 minutes drive from one another. Together, they provide up to 119 beds, including GP, consultant, maternity and orthopaedic beds.

Research commissioned by the alliance shows that only 16 per cent. of patients in the community hospitals were treated appropriately. More than half of in-patients are waiting to transfer either to a more appropriate facility or to their own home with appropriate support. I heard what the hon. Member for Romsey (Sandra Gidley) said about the research on which that is based and I am happy to provide her, where I can, with some information. I understand that someone was sought to carry out an extensive consultation of some 1,300 service users. I am sure that the hon. Gentlemen and the hon. Lady agree that the alliance must review how better services can be provided for patients.

There are some other difficulties. Some of the community hospital buildings are inappropriate for modern health care and require an estimated £20 million to bring them up to standard. Apparently, there have been difficulties in recruiting the staff needed to deliver clinically safe services—one of the issues uppermost in patients' minds when they enter a hospital. For reasons of patient safety, 20 beds at Fenwick hospital have been closed since February. The minor injuries unit at Hythe hospital was also closed for more than 18 months.

Dr. Julian Lewis: Exactly the same techniques have been used at Hythe and Fenwick hospitals. They relate to saying that the recruitment of nurses has been inadequate. At Hythe hospital, there was a shortfall for a month. When that shortfall was made good and those involved were ready to reopen, the PCT refused to allow them to do so. They are not a bunch a disinterested people who are trying to make an open-minded assessment, but a bunch of outside hatchet men who are determined to close those hospitals. The Minister says that only 60 per cent. of the people should have been there, but where will that 60 per cent. go when the hospitals are closed? It is not even those hospitals that are responsible for the financial deficits. The whole thing is a set-up.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman must leave the Minister time to reply.

Caroline Flint: Thank you, Mr. Deputy Speaker.

Part of the consultation involves considering the better use of beds. For example, a recent bed audit at Southampton hospital showed that 30 per cent. of patients awaiting transfer from the acute hospitals were

awaiting transfer to community hospitals. That equates to 23 patients for the New Forest. Community hospital provision for those patients needs to be spelt out in the strategy document and should be considered across the piece to ensure that patients are treated in community hospitals, not acute hospitals, where that best serves their interests. However, those people who would be better placed outside community hospitals should be looked after in an appropriate service for their needs elsewhere. Therefore, the discussion relates to considering how the whole service might best be provided.

The Lymington unit, while still open, has also experienced some staffing difficulties. Against that backdrop, I would at least hope that hon. Members will recognise that the status quo is not an option. The alliance has taken a broad approach to identify a way forward. It has presented strategic options to improve community services for adults and older people to the two PCT boards and to the Hampshire and Isle of Wight strategic health authority.

I shall point out a number of new services that are available in the community. A new respiratory assessment unit for people with chronic obstructive pulmonary disease opened on 1 July, thus allowing New Forest patients to be seen closer to home, rather than having to travel to Southampton. The heart failure nurse for the New Forest, based at Hythe hospital with a clinic at Lymington, offers lifestyle and nutrition advice and support on coping with heart failure. The nurse also makes home visits. The endoscopy service, based at Lymington and available to New Forest residents, has expanded, thus allowing more people to be seen closer to home.

All those issues are difficult because people get used to what they have, but this is part of an exciting agenda, with more money that the Government have provided, to develop services that are not only fit for purpose but have a sustainable future in an ever-changing health environment.

Question put and agreed to.

Adjourned accordingly at one minute to Eleven o'clock.

House of Commons

Tuesday 5 July 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

G8 Summit

1. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What assessment he has made of the economic impact of the G8 summit on Scotland. [8165]

The Secretary of State for Scotland (Mr. Alistair Darling): It is too early to say at this stage, but Scotland has benefited from various international events in the past.

Daniel Kawczynski: I should like to thank the Secretary of State for that answer, but, according to the First Minister, the conference will net Scotland about £500 million. If that is correct, will he give us a public explanation of how that figure was reached? If towns such as Shrewsbury wish to host international events in future, we should find out whether, in view of all the trouble created and the need for the police, it would be worth our while making that money available for such tourism.

Mr. Darling: I was wondering when Shrewsbury was going to come into all this. The hon. Gentleman would, I think, accept two points. First, when this country holds international events, it is right that they are held in other parts of the UK as well as in London. That has happened under successive Governments and I believe that it is a good thing. Secondly, and more importantly, we acknowledge that world leaders have a unique opportunity this week to show a commitment to making poverty history and to dealing with a big issue such as climate change. Nothing that happens on the periphery should detract attention from those big issues. I, for one, am very pleased that Scotland is playing host to the G8 conference.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Like my right hon. Friend, I welcome the conference and the benefits that it will bring to Scotland. Undoubtedly, though, the short-term benefits are a little more mixed, to put it mildly. Given the undoubted extra policing and security costs that will fall on local authorities and police authorities in Edinburgh and elsewhere, will the Secretary of State confirm the details of the financial assistance given by the Treasury to the Scottish Executive? Does he agree that it is important for some of that assistance to be passed on to the local and police authorities to help meet the extra costs of policing and the security measures?

Mr. Darling: There have been extensive discussions between the Government and the Scottish Executive. My hon. Friend is right that the Government have made available to the Scottish Executive £20 million as a contribution towards the policing costs of the G8 summit. It is worth remarking that, on Saturday, more than 225,000 people walked through the streets of Edinburgh with virtually no trouble whatever. That sent a very powerful message to the whole world that people from all parts of the UK and beyond want to see action at this week's G8. It is regrettable that yesterday and to some extent today a handful of people have been more concerned about themselves than about the big cause itself. I hope that most people will concentrate on Saturday's success, for which a lot of credit goes to the police and all the organisers. I hope that people will also regard yesterday's events for what they are—a needless distraction.

Pete Wishart (Perth and North Perthshire) (SNP): I join the Secretary of State in commending the fantastic rally that we saw on Saturday and in contrasting it with the appalling scenes that we witnessed in Edinburgh yesterday. Perthshire is now bracing itself for the arrival of these anarchist factions and it will want to know what the Secretary of State intends to do to ensure that the problem will be dealt with.

Does the right hon. Gentleman agree that the only way to create a real economic impact from the G8 is to leave a permanent legacy or a resource in Perthshire to continue to develop the work on and ensure compliance with anything agreed at the G8 summit? Will he join me in lobbying the Prime Minister to ensure that we secure such a legacy and resource?

Mr. Darling: I saw the hon. Gentleman's press release, which seemed to concentrate more on himself and on Perthshire than anything else. I suppose that is what the hon. Gentleman does. There are two issues to consider. First, over the coming week, there is absolutely no place in Scotland for the completely needless violence that we saw yesterday and earlier today in some places. Instead, people should concentrate on the big issues of putting poverty behind us, dealing with climate change and solving Africa's problems. I agree with the hon. Gentleman that those are the big issues. Secondly, I believe Scotland will benefit from this summit and other international events, but the most important thing is not what we do for Scotland, but what Scotland and Britain can do for the rest of the world. That is the big message that we should concentrate on.

Rosemary McKenna (Cumbernauld, Kilsyth and Kirkintilloch, East) (Lab): But does my right hon. Friend agree that, while what Scotland is doing for the rest of the world is crucial, it is nevertheless important to recognise that it is appropriate for Scotland to host the event as it provides an opportunity to showcase our beautiful country as a place in which to live, to work and to do business? Will he decry those people who are trying to undermine the event for very dubious political capital?

Mr. Darling: I agree. Any event like the G8 summit must be a very good advertisement for Scotland, and the same is true for any international event whether it be political or cultural. It is encouraging that the number of people visiting Scotland has increased over the past few years, and I expect that to continue. My hon. Friend is also right to say that the Scottish economy is growing, with record numbers of people in work. As I said earlier, it is important that we concentrate on the good that can come from this week—for Scotland and, more importantly, for the rest of the world. That depends on whether the world leaders gathered in Gleneagles in the next few days can make sure that firm action is taken to put in place a programme to help alleviate and end poverty, and deal with climate change.

Mrs. Eleanor Laing (Epping Forest) (Con): I agree with the Secretary of State that Saturday was a great and peaceful triumph. Let us hope that the scenes that we saw yesterday are not repeated through the rest of the week. Although Scotland and the rest of the country will benefit from the G8's presence at Gleneagles, a repetition of those scenes will mean that people who live and work in and around Auchterarder will not. If damage is caused and people there suffer loss as a result, will the Government undertake to compensate them?

Mr. Darling: It would be better for us to concentrate on supporting the police in the action that they must take to contain people who are not prepared to demonstrate peacefully. The police have made it clear, however, that they are anxious to accommodate people who wish to demonstrate and protest peacefully. Many of the organisations represented in Scotland this week have been in touch with the police and made the necessary arrangements. The problem yesterday was that the people involved refused point blank to co-operate with the police, which made events difficult to control. The Lothian and Borders police force, and the other forces involved, deserve our full support for what they did to try and contain the demonstration. I am sure that other forces will do exactly the same in the ensuing days, if necessary. However, we must all do everything we can to ensure that the demonstrations are peaceful and that people are able to go about their day-to-day activities.

Mrs. Laing: Again, I agree with the Secretary of State and completely support what he says. I also offer my total support for what he is trying to do.

Will the right hon. Gentleman ask the Prime Minister to assure President Chirac that Scotland's agriculture and food production are major economic assets? He might like to point out that Robert Burns was right when he compared "French ragout" and

"fricassee that would mak her spew"

unfavourably with the

"great chieftain o' the pudding race"?

Does the right hon. Gentleman share my hope that the many thousands of extra visitors from the world's press at Gleneagles might discover just how good haggis is? That would increase its sales around the world, and boost Scotland's economy.

Mr. Darling: I am sure that the haggis industry will much appreciate the hon. Lady's endorsement of the product, and that many hon. Members present will agree with her too. On the broader point, I am sure that there will be many interesting and long conversations over the dinner table at Gleneagles this week.

Gordon Banks (Ochil and South Perthshire) (Lab): Does my right hon. Friend agree that it would be inappropriate to consider the economic benefit of the G8 summit too narrowly? Will not Scotland derive the greatest benefit from decisions made at Gleneagles to eradicate poverty in Africa and to ensure that continent's rise as an economic power? That regeneration will present an opportunity to develop Scotland's historic trading links with Africa.

Mr. Darling: I am sure that people caught up in yesterday's event, and whose businesses may have been affected, have legitimate concerns, and we are keen to understand their position. My hon. Friend is right to say that the G8 presence in Scotland, and our presidency, present us with a unique opportunity to deal with some major problems that affect the whole world. As I say, I hope that this week is remembered for what the world began to do in the long process of ending poverty and dealing with climate change. Those are the big issues that we should keep in sight—not just this week, but next week, next month and over the next few years.

NASS

2. **Ann McKechin** (Glasgow, North) (Lab): What discussions he has made with the Home Secretary on the operation of the national asylum support service scheme in Scotland. [8166]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): My right hon. Friend has regular discussions with my right hon. Friend the Home Secretary on a range of issues.

Ann McKechin: My hon. Friend will be aware that under the operation of the NASS scheme in Glasgow an increasing number of applicants have now exhausted their legal case. Several of them come from countries such as Iraq and Iran, so it is difficult for them to be returned to their country of origin. Can my hon. Friend assure me that every step will be taken to ensure that those applicants coming to the end of their NASS support will be able to transfer to so-called hard-cases support without any gap, and that—as far as possible—that support can be offered to them in Scotland rather than requiring them to move to other parts of the UK?

David Cairns: I am happy to give my hon. Friend the assurances that she seeks. It is the case that when an asylum seeker has their application turned down they are no longer eligible for assistance under the NASS scheme, but may in limited circumstances be eligible for support under section 4 of the Immigration and Asylum Act 1999. Some 100 people in Glasgow currently receive that support. I have been assured that when an individual has been informed that they are no longer entitled to the NASS support they are informed there and then that they may be entitled to the section 4 support. If they make an

application at that time, the gap that my hon. Friend fears should not arise. If she is aware of any particular cases where someone has fallen between two stools, I will pass them on to my hon. Friend the Minister for Immigration, Citizenship and Nationality.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I am sure that my hon. Friend is aware that one of the great benefits of the dispersal scheme is the impact of asylum seekers' children in the schools of Glasgow. Achievement by all children in those schools rose markedly because of the aspirations of the asylum seekers' children. He will also know that this week Dungavel, the former prison used as a detention centre, has been emptied of its occupants, including any children. Can he give me an assurance that he will work through the Scotland Office to prevent the return of children to Dungavel, as it is inappropriate to incarcerate children because their parents are asylum seekers?

David Cairns: I entirely agree with my hon. Friend's first point. I had a meeting with the newly elected leader of Glasgow city council, Councillor Steven Purcell at which he spoke highly of the impact that asylum seekers' children had made in that regard. Indeed, I pay tribute to Glasgow city council, the only council in Scotland that is taking part in the scheme to that extent.

On the second point, operational matters at Dungavel are rightly and properly the responsibility of the Home Office, but no children are now detained there for longer than 72 hours, and if it is necessary to detain children for longer they are moved to the specialist family unit at Yarl's Wood.

John Robertson (Glasgow, North-West) (Lab): I am glad to hear my hon. Friend congratulate Glasgow on being the only city to accept asylum seekers. Does he agree that it is time that other cities did their bit in accepting asylum seekers? Will he come to Glasgow, however, and talk with the council about the problems that we have? Finally, will he congratulate Glasgow on the great work it has done in hosting the special Olympics this week?

David Cairns: I certainly congratulate Glasgow city council on a successful hosting of the special Olympics. As I said, I have already had discussions with the council at leadership level about the impact of the dispersal programme in Glasgow and I was encouraged by the positive way in which Councillor Steven Purcell spoke about that programme. I am aware that other local authorities are having ongoing discussions through the Convention of Scottish Local Authorities, and I hope that they will continue.

Make Poverty History Demonstration

3. **Mr. David Marshall** (Glasgow, East) (Lab): If he will make a statement on the Make Poverty History demonstration in Edinburgh on 2 July. [8167]

The Secretary of State for Scotland (Mr. Alistair Darling): As I said a few moments ago, more than 200,000 people showed their support in Edinburgh on Saturday for making poverty history. It was a powerful message that world leaders need to heed.

Mr. Marshall: Does my right hon. Friend agree that the Make Poverty History demonstration was a tremendous success and a wonderful advert for peaceful persuasion? However, does he also agree that now it is over it must not be forgotten and that justice for the poor, trade justice and fair trade must remain our priorities? If he does agree, will he convey to our right hon. Friend the Prime Minister our wholehearted support in his efforts to get rid of the common agricultural policy that is the cause of so much poverty in the poor countries of the world?

Mr. Darling: My hon. Friend makes an important point. First, it is important that our Government, and other Governments, continue to do everything that they can to increase aid, reduce debt and join together to establish the international finance facility. All those measure will help to reduce, alleviate and eventually end poverty. That is very important.

It is also important that we establish fair trade. That is why the Government attach considerable importance to making substantial progress at the discussions that will take place in Hong Kong at the end of this year.

My hon. Friend is also right that in relation not just to the developing world but also for the good of Europe as a whole, it cannot be right in this day and age that about 40 per cent. of the EU budget is going on the common agricultural policy. It needs to be reformed, and if Europe is to be relevant to the people who live there it is important that its leaders have the courage to make the necessary economic and other reforms to make Europe more competitive, and also to improve the lives of people living in the EU member states.

Mr. Alex Salmond (Banff and Buchan) (SNP): The demonstration on Saturday was an enormously successful expression of popular will, exhilarating for all of us who took part. Does the Secretary of State agree that we want action and not just communiqués from the world leaders at Gleneagles? However, the scenes we witnessed in Edinburgh yesterday were ugly and violent, and the Secretary of State should not in any way underrate the legitimate fears of people in Auchterarder and elsewhere. Can anything positive be done to separate the huge legitimate public protest from the anarchist factions that want to turn cities and towns into battlegrounds?

Mr. Darling: The hon. Gentleman raises two points. First, as I have said before, it is important that the message that came from people on Saturday is heard loud and clear around the world, and that we keep it at the front of our minds not just this week but in the months and years to come. That is absolutely right.

The hon. Gentleman is also right about yesterday's events. There is a world of difference between the peaceful, hugely enjoyable protest that took place in Edinburgh on Saturday—where people from all over the country had a fantastic day out, and a clear message

was well and reasonably put—and what we saw yesterday, which was a handful of people who were more concerned about causing trouble and engaging in violence, and were more interested in their own activities than anything else. I think that most people in Scotland and throughout the world can see the difference between the two. It is important to contain any attempt at violent behaviour over the next few days. The police are determined to do everything they can to ensure that. They have been fully resourced and they have reinforcements from south of the border, as well as from Scottish police forces, to do everything that they possibly can to make sure that disruption is kept to an absolute minimum. It is important that people understand that legitimate protest is one thing, but that it is quite another to engage in mindless violence that has nothing to do with, and can only distract from, our attempts to alleviate poverty and to tackle issues such as climate change.

Miss Anne Begg (Aberdeen, South) (Lab): What I noticed when I went round the demonstration on Saturday was that people were demonstrating to persuade the G8 leaders to get on with the job of making poverty history. They were not campaigning to stop the G8 going ahead; they want it to go ahead and they want the G8 leaders to act. When we contrast the 250,000 people who want G8 to succeed with the thousand who want it to stop, we can see that democracy is on the side of the majority. I hope that the Secretary of State will do everything in his power to make sure that the voice of the mass of the people who were there on Saturday is heard and not the voices off that we heard yesterday, which do not represent anything and cannot see anything good coming from G8.

Mr. Darling: I agree. Most people, not just people who were in Edinburgh on Saturday, realise that we need to build on our democratic institutions to achieve the change that we all want. That is the way to bring about constructive change. Destructive behaviour achieves nothing and, in particular, does absolutely nothing for the people who are starving even as we sit here today.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I associate myself and my hon. Friends with the comments about the outstanding success of the demonstration last Saturday compared to the deplorable violence that we saw yesterday and to a certain extent today? Does the Secretary of State agree that there has been a long tradition in Scotland, through our Churches and many other organisations, of what is now expressed as the Make Poverty History agenda? How will he use his office to ensure that that voice is heard throughout Government and, in particular, to express that Scots feel that fair aid, fair trade and debt relief are not a matter of quid pro quo but are the moral imperative of the well-off to assist the less well-off?

Mr. Darling: I agree that it is very important that we continue to demonstrate that the Government are on the side and support the views of the people as expressed on Saturday. That is why, for example, earlier this year my right hon. Friend the Chancellor of the Exchequer set out a plan that he wanted to be implemented for Africa, which he described as the equivalent of the Marshall aid plan. Under that plan, the international finance facility, money would be made available to African countries. Meanwhile, Britain has led the way in writing off debt. Indeed, I believe that we have doubled aid over the last few years. We want to see more countries doing the same.

It is important that the lesson we draw from Saturday is not only that something should be done but that we can do something about these problems. This is not rocket science. It is not impossible. Governments have it within their power to tackle and end poverty and to improve education, to make a real difference to millions and millions of people. It may be a big problem, but it is a problem that can be solved if Governments are prepared to take the right action. We are prepared to show a lead in that; we are prepared to play our part in the discussions that are taking place this week. I just hope that the rest of the world is prepared to join us in the same venture.

Mrs. Eleanor Laing (Epping Forest) (Con): Again, I agree with the Secretary of State and the hon. Member for Glasgow, East (Mr. Marshall), but will the Secretary of State ensure that any costs that arise from dealing with the consequences of enormous numbers of people descending on Edinburgh to support this very good cause and, rightly, to make their voices heard will be met by the UK Government, not the Scottish Executive, because it is as a major British city that Edinburgh is rightly playing its current part?

Mr. Darling: This is a novel turn of events for the Conservative party. As I told the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) a few moments ago, our guiding principle is that we want to see international events like this staged in cities outside London. That is most important, but I do not think it follows that just because something is outside London, all the costs have to be met by the UK Government. Our substantial contribution of £20 million has been made with the complete agreement of the Scottish Executive, who are also making their contribution. A lot of the policing functions and other functions have been devolved to Scotland, so too the money that goes with them. But if the hon. Lady is calling for even more money to be sent to Scotland, perhaps she would have a word with her colleague the shadow Chancellor, because I am not sure that he takes the same view.

EU (Scottish Representation)

4. **Angus Robertson** (Moray) (SNP): What discussions he has had with the First Minister about current arrangements for Scottish representation in the European Union. [8168]

The Secretary of State for Scotland (Mr. Alistair Darling): I meet regularly to discuss a range of topics with the First Minister. The Scottish Executive have been working closely with the Foreign and Commonwealth Office and other Whitehall Departments—as they always do—in advance of our presidency of the European Union.

Angus Robertson: It is the quality of European negotiations for Scotland that determines the future of many jobs in a large part of the economy, including of course the threatened Ferguson's plant in Port Glasgow. Who does the Secretary of State blame for the lack of progress on that issue? Is it the Liberal Democrat Minister in the Scottish Executive with responsibility for this matter, or is it the Westminster Government, who appear to be doing nothing, or is it both?

Mr. Darling: I assume that the hon. Gentleman has in mind the procurement of a fishery protection vessel. That is a matter for the Scottish Executive. They are responsible for funding it; they are procuring it. There are, as he is no doubt aware, European rules in relation to that, which apply no matter which party happens to be in power, but I hope that everything that is possible can be done to help Ferguson's in the future. However, it is primarily a matter for the Scottish Executive, because it is their ship.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): On the question of the European Union, surely the need to consider the representation provided by Scotland's MEPs is overdue. Perhaps we should extend the role of the Arbuthnott report to examine what has happened in terms of the representation offered to the ordinary person who may be trying to seek out their MEP. I was the agent for the MEP in the south of Scotland, and at that time it was understood who that was. Nowadays, there is no such connection but surely the need to re-establish it is overdue.

Mr. Darling: I am sure that if Sir John Arbuthnott wishes to make any comment on the system of electing Members of the European Parliament, he will do so although, as my hon. Friend knows, the matter is not entirely in our hands. I know that many people find list systems difficult to understand; that is one of the reasons that I asked Sir John Arbuthnott to consider all the electoral systems and advise us accordingly.

Fair Trade

5. **Mr. David Hamilton** (Midlothian) (Lab): What discussions he has had with the Secretary of State for International Development on encouraging fair trade in Scotland. [8169]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): Ministers have discussions on a range of issues with my right hon. Friend the Secretary of State for International Development.

Mr. Hamilton: I thank the Minister for that answer. He will be aware that there are 32 local authorities in Scotland, 13 of which already have achieved fair trade status. A further 13 authorities are applying for fair trade status. Indeed, Midlothian council and Dumfries and Galloway council have made applications to join that group. Will the Minister use his facilities to write to every local authority in Scotland to ask them to take the lead and show the private sector and every other organisation that they should incorporate fair trade as part of their culture?

David Cairns: I am happy to congratulate Midlothian and Dumfries and Galloway councils on seeking fair trade status, and I pay tribute to my hon. Friend who has been the driving force for that in Midlothian. It is excellent when local authorities seek fair trade status because it does two things: it raises awareness of fair trade products in the area and, because local authorities are significant consumers, it means that more and more fair trade products are sold. I would certainly be happy to encourage every local authority and, indeed, every public and private sector body in Scotland to consider seeking fair trade status themselves.

CONSTITUTIONAL AFFAIRS

The Minister of State was asked—

Electoral Systems (Review)

16. **Richard Burden** (Birmingham, Northfield) (Lab): What plans her Department has to involve the public in the Government's review of electoral systems. [9184]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): Officials in my Department are carrying out desk research to review the experience of the new voting systems that we have introduced.

Richard Burden: I thank my right hon. and learned Friend for that reply. Will she consider the fact that, with turnout at the last general election at just over 61 per cent.—the second lowest turnout since 1918—we face a real problem of disconnection and disengagement from the political process? We need to consider what the causes of that may be, including any contribution by the electoral system itself. What role will the public have in contributing to that process proactively, as well as reactively, because it should not just be left to us—after all, we have a vested interest in one system or another?

Ms Harman: None of us should have a vested interest in one system or another: the point is that we need to get the right system. I agree that there is disconnection and disengagement—all of us must be concerned about that—but as for the idea that the single way to address the problem is to change the voting system, all I can say is would that it were so easy. As my hon. Friend will know, we have introduced a great deal of constitutional reform, including different electoral systems, many of which include a measure of proportionality. We are reviewing those systems, and officials in my Department are doing desk research. Obviously, if we were to introduce any proposal to change those systems, let alone those for the House, there would be full consultation.

Sir Patrick Cormack (South Staffordshire) (Con): Is there not a great deal to be said for considering the suggestion made by the Leader of the House yesterday in his very thoughtful speech of a move towards compulsory voting?

Ms Harman: For a start, we do not have any proposal on the table to introduce compulsory voting, backed up by criminal sanctions, but we must all think very hard about how we ensure that people are on the electoral register. A major problem is the near 3 million people who do not even get to the starting point because they are not on the electoral register. We must make absolutely sure that everyone is confident in the result of the election because it is free from fraud, but we must also ensure that people feel like turning out to vote, that they are committed to voting and that they vote. We need to address a range of issues—not just as the Government, but as individual politicians and members of political parties—although I am not sure that forcing people by law to go to the polls is the way to do that.

Mr. Robin Cook (Livingston) (Lab): As the review is considering the experience of Scotland, will my right hon. and learned Friend consider writing to all Scottish Members to tell them who is carrying out the review, when they will visit Scotland and who they will talk to there? Will she explain to all Members, from whatever part of the House, what opportunity there will be in the review for the public to express a view?

Ms Harman: As I have already explained, the review is desk research to examine the experience of the systems that we have already introduced. If we were to come forward with proposals, obviously there would be an opportunity at that point for everyone, including my right hon. Friend, who has a great deal of experience of these things, to put forward their views, as they do continually as part of the debate. We are simply examining the experiences of the changed elections for the European Parliament, Scottish Parliament, Welsh Assembly, Greater London authority and Mayor. We are examining a range of material and considering the effect of the considerable constitutional reform that we have already undertaken.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): Will this desk-bound research take account of relevant facts, such as the fact that it took 44,000 votes to elect a Conservative MP at the last election, 96,000 votes to elect a Liberal Democrat MP and only 27,000 votes to elect a Labour MP? Ought not the message to the public be that their votes count and will be counted fairly, rather than that they will be fined if they do not vote, which would be a real surrender to the nanny state?

Ms Harman: Sometimes there is an assumption that there is a direct relationship between the voting system and people's preparedness to turn out. In other words, it is sometimes thought that under proportional voting, every vote would count, so everyone would thus go out to vote. I understand that line of argument, but if hon. Members look at the evidence from the turnout in different elections, there is not an automatic correlation between the type of electoral system and turnout. Turnout is influenced by what people think about their individual MPs, political parties, institutions and other matters, so a whole load of things aside from the electoral system affect turnout. People who propose change, as the right hon. Gentleman does, should not rest their entire case on a factual assumption that is not correct.

Mrs. Madeleine Moon (Bridgend) (Lab): The Minister will be aware that during the recent election in Bridgend, we had several problems due to the electoral registration office's failure to deliver postal votes and poll cards to a number of households. Does she have any plans to make it a requirement that post codes are contained on all electoral registers?

Ms Harman: My hon. Friend refers to the variation of the ways in which the register is presented in different constituencies. Some show full addresses and post codes, which makes it much easier for the Post Office to deliver election addresses, yet others are not compiled according to postal address at all, but by the alphabet. It is important that we have consistency and high standards in all the different electoral registration areas, but, obviously, electoral registration must be conducted independently, so it would not be right for us to try to control the process. People should have their independent sphere of influence, but it is important for us to have good standards throughout the country. Colleagues with constituencies that cover two electoral registration areas often tell hair-raising tales of different standards in different areas.

Mr. Oliver Heald (North-East Hertfordshire) (Con): But does the Minister agree with the Leader of the House that there should be compulsory voting and will she consult the public about that? In fact, will there be consultation before the Government make proposals on electoral systems? Surely it is contrary to liberty to force a person to vote. With turnout especially low in Labour constituencies, surely the onus is on the Government to raise their performance and give the people reasons to vote. At a time of rising violence, the police should be protecting the public from crime, rather than chasing non-voters and fining them £100 a time.

Ms Harman: As I have said, we have no plans to introduce compulsory voting. If we did have plans to do so, there would be full consultation. Since the hon. Gentleman asked, I personally do not think that compulsory voting is the way to increase turnout. It is not just the Government's responsibility to encourage people to turn out because if his party wants to get elected, it must encourage people to turn out to vote for it. We must all address the problem.

Mr. David Winnick (Walsall, North) (Lab): Has my right hon. and learned Friend noticed a massive campaign to change the voting system, because I have not? Will she bear it in mind that as far as compulsory voting is concerned, it is not an accurate description of what my right hon. Friend the Leader of the House proposed? No one would be forced to vote. It would simply be an obligation on the part of the citizen to vote, to abstain in person or to indicate beforehand that they have no intention to vote. The system is used in other democracies, such as Australia. Why not here?

Ms Harman: All of us who are in this place because of the electoral system have deeply held views about the voting system and what makes people turn out to vote. As I said, my preference is not to have compulsory voting backed by law.

As for whether I have noticed a massive campaign to change the voting system, we do not necessarily have to wait for such a campaign before we have a sensible debate. We have to give acute attention to the voting system, the system for getting on the electoral register, how we tackle fraud, how we ensure that people have confidence in this House of Commons and what we as individuals do to ensure that that confidence is sustained. We do not need to wait for a massive campaign. A debate is going on and we listen to it.

Electoral Registration

17. **Mr. Philip Dunne** (Ludlow) (Con): What her policy is on the use of national insurance numbers as an identifier in electoral registration. [9185]

Ms Harman: Outside of Northern Ireland, we have no plans to require national insurance numbers as a condition of going on the electoral register.

Mr. Dunne: Does the Minister agree that restoring faith in the security of electoral registration and in postal voting is vital for increasing voter participation? Does she also agree that relying on signatures and dates of birth is not sufficient to eradicate fraud, and that we should consider using national insurance numbers, as they do in Northern Ireland?

Ms Harman: I agree that it is vital to tighten security. I also agree that it is vital that people believe that the voting system is secure and that their votes are properly and fairly counted. However, I invite the hon. Gentleman to recognise, as the Constitutional Affairs Committee, the Office of the Deputy Prime Minister Committee and the Electoral Commission have recognised, that there is, I am afraid, a trade-off between access to the register and full enfranchisement of all our fellow citizens on the one hand and security on the other. If, for example, we required everyone to come to the town hall with their passports and further proof of identification, we would have 100 per cent. certainty that there was no fraud—or at least a much better level of certainty than we have now. However, that would disfranchise loads of people from voting. We have to strike the right balance between access to the ballot box and security.

Rob Marris (Wolverhampton, South-West) (Lab): May I welcome my right hon. and learned Friend's answer and urge her to be cautious about the use of national insurance numbers? There are alleged to be 5 million false national insurance numbers in circulation. Three years ago, my nephew, Brett, got a national insurance number. Two years ago, his younger sister got one with only one character different. A constituent and his two brothers similarly have national insurance numbers that are almost identical. So we should be wary of using national insurance numbers in the circumstances.

Ms Harman: We can tighten up the system to reassure people that it is more fraud-proof without resorting to national insurance numbers as a condition of going on the register. We want to make it easy and straightforward for people to register, but we also want to make it easy and straightforward to detect fraud.

Mr. Jonathan Djanogly (Huntingdon) (Con): Surely the point about national insurance numbers is that it is possible to crosscheck the information against the independent database of national insurance numbers and therefore check that the person exists, whereas there is no such way of checking the accuracy of other identifiers that the Government talk about, such as date of birth and signatures.

Ms Harman: The hon. Gentleman makes an important point about crosschecking information. We have all had experience of people who were turned away from the polling station and therefore unable to vote who say, "They won't let me vote and yet last week they sent me a demand for my council tax."
That was raised by the Constitutional Affairs Committee, which said that there ought to be more cross-checking of data. Such checks afford an opportunity not only to tackle fraud and catch people out if they give wrong information, but to make sure that the woefully inadequate registers that disfranchise many of our poor, young, black fellow citizens are tackled.

Juries

18. **Mr. Stewart Jackson** (Peterborough) (Con): If she will conduct research on the ability of juries to understand complex trials. [9186]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): My Department has no plans to conduct research into juries' ability to understand complex trials. In January this year, the Department published a consultation paper, "Jury Research and Impropriety", and the relevant consultation period finished on 15 April. The responses are currently being analysed.

Mr. Jackson: I am grateful for the hon. Lady's reply, but is she content that the chairman of the Bar Council, Guy Mansfield, QC, described the current proposals as a "retrograde" step that will create a two-tier judicial system, with one system for white-collar criminals and another one for everyone else? Does she agree with her party's former shadow Home Secretary, the right hon. Member for Sedgefield (Mr. Blair), who said in opposition:

"Fundamental rights to justice cannot be driven by administrative convenience"?

Bridget Prentice: I have no problem whatsoever agreeing with what my right hon. Friend the Prime Minister said as shadow Home Secretary. It is important that justice be seen to be done, and that it be swift and fair, which is one reason why we will ensure that jury trial and possible non-jury trial are fair both for the juror and for society as a whole.

Keith Vaz (Leicester, East) (Lab): Which Ministers from the Department were present at the famous seminar earlier this year, when the decision was made to

change the Government's policy? Will the Government make any further proposals to remove juries from other parts of the British judicial system?

Bridget Prentice: I can reassure my hon. Friend that the Government do not have any plans to withdraw the jury system in any other sphere. I remind him and the rest of the House, however, that 95 per cent. of trials take place without the use of a jury, because they are held in magistrates courts.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Why is it assumed that British juries are incapable of doing what American juries can do perfectly well?

Bridget Prentice: No such assumption is made at all. We have every faith in juries. We believe that they do an excellent job, and we intend that that should continue.

Judicial Appointments

19. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): What her policy is on the minimum legal qualifications necessary for a judicial appointment. [9187]

Bridget Prentice: The eligibility requirements for judicial appointment are contained in various statutes and differ according to the post concerned. In general, however, they require an individual to have possessed rights of audience before the courts for a specified length of time. The requirements are currently under review, and an announcement will be made shortly.

Mr. Lancaster: Is the Minister aware of reports that Mr. Justice Laddie recently resigned as a High Court judge because he was bored? Apparently, he disliked the isolation of the bench, and he missed the fun of working as part of a team. Given the controversy that that has caused, is the Minister still considering proposals to restructure the pattern of work for judges and to allow them to return to practice?

Bridget Prentice: I cannot comment on individual cases, but the characteristics needed to be a judge are many and varied, and they obviously include the ability to remain independent and to continue to work on one's own. However, we are looking at how best to help judges develop their careers, and we want to work with them in order to do so.

Vera Baird (Redcar) (Lab): As my hon. Friend will know, there are many highly qualified women lawyers who have never had the opportunity to become bored by a judicial appointment, because historically they have not been appointed to such posts. She will also know that entry to the legal professions is about 50:50 male/female. How confident is she that the judicial appointment commission will achieve a matching 50:50 split in the judiciary, and by when?

Bridget Prentice: My hon. and learned Friend is right. It is important that the judiciary show as much diversity as the rest of society. I hope the judicial appointment commission will take that on board. We should be proud of the fact that this Government appointed the first woman Law Lord, the first black woman High Court judge and the first Asian judge, who works part time. Today I agreed to meet the legal services consultative panel, among others, to see how we can further address the need for judicial diversity.

Electoral Systems

20. **Miss Anne Begg** (Aberdeen, South) (Lab): What assessment she has made of the different voting systems in operation in the UK. [9188]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): The review that my officials are conducting into different voting systems is at an early stage.

Miss Begg: I thank my right hon. and learned Friend for her answer to that and to earlier questions from my hon. Friend the Member for Birmingham, Northfield (Richard Burden). In her reply to my hon. Friend, she said there was not necessarily a link between turnout and the voting system. Our experience in Scotland suggests that there is a link. Where new voting systems have been introduced, turnout did not increase—it decreased. There are at present in Scotland three different types of voting system, soon to be four, and there is huge confusion among the electorate about what they are doing at each election. The number of spoiled ballot papers has also increased, which may disguise the level of turnout. What do the Government intend to do about that?

Ms Harman: My hon. Friend makes a fair point. I am a London Member of Parliament and a London resident. On one and the same day we had the European elections on one voting system, the Greater London assembly elections on another voting system, and the mayoral elections on a third voting system. I readily admit that we were responsible for introducing all these voting systems. However, that justifies our sense that we need to take stock and understand how people are taking to these systems or not, before we accept the invitation from other hon. Members to rush forth for more constitutional reform.

HOUSE OF COMMONS COMMISSION

The hon. Member for North Devon, representing the House of Commons Commission, was asked—

Parliamentary Estate

30. **Norman Baker** (Lewes) (LD): What recent discussions the Commission has had with authorities in the House of Lords on the environmental impact of the parliamentary estate. [9199]

Nick Harvey (representing the House of Commons Commission): The Commission has had no recent discussions with the authorities in the House of Lords on the matter. The parliamentary estate is managed by the Parliamentary Estates Directorate as one single entity, including management of its environmental impact.

Norman Baker: I welcome my hon. Friend to his position and assure him that I will do my best to keep him busy in his new role. Does he recognise that there is a lack of co-ordination between what happens at this end of the building and what happens at the other end? There is, for example, no common recycling scheme and no joint procurement—in other words, no joined-up Parliament. There is also a lack of joined-up Commons, in that Members duly separate their rubbish in their offices, only for it to be put together again in one bag by the cleaners subsequently. Is there not a long way to go before the House of Commons and the House of Lords get their environmental act together?

Nick Harvey: I shall pick up the point that my hon. Friend makes about waste streams. The problem is recognised and acknowledged. The authorities are doing what they can to resolve the problem. My hon. Friend states that there is a lack of co-ordination between the two Houses. May I assure him that officers of both Houses are working together closely on these matters and looking at ways in which we can improve our environmental performance?

Dr. Julian Lewis (New Forest, East) (Con): To what extent does the hon. Gentleman consider that the Houses of Parliament contribute, by means of their output, to global warming?

Nick Harvey: I shall resist the temptation that the hon. Gentleman presents to make any puns. A great deal of work is being done to examine our energy conservation and waste management and on other environmental fronts. Given the constraints that we are under with a building of such an age, we are doing what can to keep our environmental impact to a minimum.

Members' Offices

32. **Mr. Andrew Turner** (Isle of Wight) (Con): How many hon. Members had no office at the end of each week since the state opening of Parliament. [9201]

Nick Harvey: The number of new Members who had no office at the end of each week since the state opening of Parliament was 120, 119, 98, 64, 30, one and, as of last Friday, nil. The problem is inevitable following an election, but it was exacerbated this year by the requirement to reallocate accommodation for many returning Members in line with the desire of the Accommodation Whips for a rebalancing of office allocation between the parties across the estate.

Mr. Turner: I am grateful to the hon. Gentleman for his answer. Given the trend for more Members to have staff in their constituencies and the fact that there are now 13 fewer Members than there were in the last Parliament, has he observed any reduction in demand for office space around the parliamentary estate?

Nick Harvey: There has been no noticeable reduction in demand for office accommodation around the estate. As I say, it has been a particularly complex operation on this occasion, with more than half the planned moves taking place being for returning Members rather than for new Members.

Mr. Sadiq Khan (Tooting) (Lab): Does the hon. Gentleman agree that any danger of new Members having delusions of grandeur was soon gone following seven weeks spent squatting in other Members' offices and/or the canteen? Will he look into how many Members have had computers or phone lines installed and have had a full complement of furniture in those seven weeks since first being elected by the public?

Nick Harvey: It is acknowledged that there have been problems on these fronts. Experience has shown that there is a maximum number of moves that can be undertaken in one week if an acceptable standard of service to Members is to be sustained. There has undoubtedly been a bottleneck as a result of some Members asking staff to change the positions of already installed telephone and IT equipment, diverting them from getting on with the task of installing new equipment for new Members. The Serjeant at Arms and his Department intend to ensure that lessons are learned so that next time round the target of getting all new Members into an office within a month of an election can be achieved.

Mr. Anthony Steen (Totnes) (Con): In view of the fact that hairbrushes and combs have been removed from the Members' Cloakroom on the grounds of the risk of spreading HIV or lice, could the Speaker ensure that all—

Mr. Speaker: Order. I hate to tell the hon. Gentleman again that his request is beyond the scope of this question. Perhaps we should run a course to help him to get it right, because he is putting me in great difficulties. I am afraid that he cannot ask about combs and the spread of HIV, as the question is about offices.

Mr. Steen: I was going to ask that in future, before offices are allocated, brushes and combs should be installed in all Members' rooms so that they could not spread HIV or lice.

Mr. Speaker: Order. Hon. Members can bring in their own combs.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Does the hon. Gentleman accept that there are great variations in the accommodation that is available to Members of Parliament, ranging from some that is excellent to some that is fairly awful? Will the Commission take that on board, and ensure that no Member in the next Parliament has to have an office with no window?

Nick Harvey: I hear what the hon. Gentleman says, and the Commission can certainly consider it during the course of this Parliament in the hope that we can offer new Members coming into the next Parliament the best possible premises in which to do their work.

LEADER OF THE HOUSE

The Leader of the House was asked—

Legislative Scrutiny

33. **Dr. Tony Wright** (Cannock Chase) (Lab): What proposals he plans to bring forward to ensure that legislation is scrutinised more effectively. [9202]

34. **Mr. Graham Allen** (Nottingham, North) (Lab): Which Bills the Government plan to submit for pre-legislative scrutiny in this Parliamentary session. [9203]

The Deputy Leader of the House of Commons (Nigel Griffiths): I welcome the progress towards making the legislative process more effective and accessible to the public. We have ensured a significant increase in the number of Bills published in draft for pre-legislative scrutiny. However, there is more that we can do, particularly to improve the effectiveness of our Standing Committee scrutiny, and I hope that the Modernisation Committee will consider that.

Dr. Wright: Over the years, we have had umpteen reports which show that we do not scrutinise legislation effectively here, with the result that our legislation is often flawed. We all know that that is true. We still do not see enough draft legislation, we legislate too much, our Standing Committees do not work well in scrutinising and, when amendments come back from the other place, we often do not consider them at all. In the next phase of modernisation, will my hon. Friend give his attention to making scrutiny more effective?

Nigel Griffiths: I am of course happy to do that, and I pay tribute to the part that my hon. Friend has played through chairing the Public Administration Committee with distinction. Nobody would claim that our scrutiny is beyond criticism, but we sit for longer than most legislatures and our mechanisms for scrutiny here, in the other House and through Joint Committees, are invaluable and detailed. Of course, we will consider any proposals to improve on that with great care, and I hope that we could act swiftly on them.

Chris Grayling (Epsom and Ewell) (Con): May I invite the Deputy Leader to consider using the opportunity presented by the concerns about the Licensing Act 2003 to establish a pilot project for post-legislative scrutiny? We could thus not only examine what is going wrong with that measure but ascertain how best we can establish a process for considering measures after implementation when it clearly has unforeseen consequences.

Nigel Griffiths: There is a well recognised mechanism for post-legislative scrutiny. Our Select Committees do an excellent job of undertaking that in key cases. The Liaison Committee reinforced that message in its annual report in 2002. Combined with valuable pre-legislative scrutiny, that makes the House one of the most effective legislatures at scrutiny. I shall not be Chirac'd by the hon. Gentleman into subjecting us to ill informed views on how the House works through post-legislative and pre-legislative scrutiny, simply to make cheap political capital.

Mr. Allen: Does my hon. Friend ever see the day arriving when the Government allow Parliament to do the job that the public expect of us?

Nigel Griffiths: I hope that all hon. Members take it on themselves to do the job that our electors expect of us. I believe that the House is more open than many other legislatures. Although I am not complacent about improvements that have been made in my time in Parliament and will be made in future, I believe that every hon. Member has a duty to ensure that the Executive are held to account and that legislation is of the highest quality. I look forward to working with my hon. Friend to secure that objective.

Transport Innovation Fund

3.32 pm

The Secretary of State for Transport (Mr. Alistair Darling): With permission, Mr Speaker, I would like to make a statement on the transport innovation fund, as well as setting out how we are taking forward the development of a national road pricing scheme.

We said in our manifesto that we would examine the potential for moving away from the current system of motoring taxation towards a national system of road pricing, which, with a range of other measures, would tackle congestion in the long term. Congestion on the roads is a complex problem, which will need a range of measures to tackle it successfully. They include investment in public transport, as well as measures to get more out of the network, for example, through better traffic management and car pool lanes.

Our strong economy, demography and the fact that we live on a crowded island mean that we need to plan ahead now for the pressures that we will face in the next 20 to 30 years. Road pricing is about making journey times by car more reliable for motorists and getting more out of the road network. Today I want to set out what the Government are proposing for developing the concept of road pricing further, the role of the transport innovation fund and further work that needs to be done.

My Department is also publishing its two new congestion targets today. They focus on improving the reliability of journey times on the strategic network and the movement of people on urban roads. The Government set out their intention to establish the transport innovation fund in the White Paper, "The Future of Transport", which we published last July. We pointed out that, without radical measures, including more effective demand management, road congestion would get worse. That is why we need to consider whether road pricing would allow us to get more out of the network, especially at peak times.

If we were to implement a national road pricing scheme, we would not do it all in one go. That would not be possible. A road pricing feasibility study that was published in parallel with the White Paper last year recommended that it would be far better for local or regional schemes to be promoted to test approaches as road pricing was further developed. The transport innovation fund is part of that. Indeed, the fund is central to the approach that I set out in the White Paper. It offers substantial long-term investment and will support smarter, better management of the capacity that we have. It will also ensure that we can plan ahead to prepare for the long-term challenges that we face.

The transport innovation fund will be used to support the delivery of infrastructure schemes that will promote our national productivity. Transport that is well planned and sensitive to our environmental and social objectives is fundamental to our sustained prosperity, through road improvement as well as rail and light rail schemes, for example. The fund will also be used to support local plans that will help to tackle congestion. We are looking for proposals that combine some form of demand management, such as road pricing, with better public transport. These pilot schemes will contribute to our work on national road pricing.

Today, I am publishing further information on how we expect to deploy the transport innovation fund, which will come on stream from 2008–09 and is set to increase over time, reaching some £2.5 billion by 2014–15. We are also today asking local authorities to bid for development funding, which will be made available over the next three years to support planning for local demand management schemes in which pricing is a major element. We have set aside £18 million between 2005–06 and 2007–08 to support preliminary scheme development by local transport authorities. These schemes could ultimately be funded from the transport innovation fund. Within the fund, therefore, we are prepared to ensure that up to £200 million a year is ultimately available to support such local pilots. If more good schemes emerge, more can be made available.

The guidelines for bidding for this pump-priming development work are today being placed in the Library, published on the Department for Transport website and sent to all local highway authorities in England. If a local authority or group of local authorities in Scotland or Wales wish to introduce road pricing pilot projects, they could do so in conjunction with the Scottish Executive or the Welsh Assembly Government. The Department will be happy to work with the devolved Administrations on such schemes, given their national implications.

Ahead of any future national scheme, parts of the country already experiencing congestion may wish to develop road pricing schemes to improve travel within their area. If road pricing is to be developed, we need to pilot a scheme covering one or more local authority areas or, for example, a passenger transport executive, in which congestion is already a problem and the local authorities want to do something about it. We want to work with local authorities to develop and implement a pilot scheme for road pricing. No decisions have been taken on where such a pilot might take place, but we hope to identify partner authorities willing to work up pilot proposals within the next year. We hope that they will then start work on the ground with support from the transport innovation fund when it comes on stream.

As well as making available the money through the transport innovation fund, we are taking forward a programme of work that would enable us to take decisions on road pricing in the future, and which covers three key areas. The first relates to the shape of a national scheme. National road pricing could take different forms, and we are looking at the options and the scale of benefits that each would bring. We are also looking at how best to address the environmental issues, particularly the problem of vehicle emissions and climate change. We clearly need to encourage the development and use of cleaner vehicles. However, we also need to avoid designing a scheme that is too complex or costly to run.

The second element of our work relates to technological capability. We need technology and systems that can be provided at an affordable price and to a satisfactory level of reliability. We need to engage with the industry to discuss the technologies that exist today and those that might be developed in the future. Much of the technology already in use for commercial purposes might be suitable, and might come with the benefit of working in practice. For instance, one UK insurance company is already piloting a new system of pay-as-you-drive insurance, which uses a satellite box fitted in the car to calculate the cost of the insurance

[Mr. Alistair Darling]

premium on a monthly basis, and sends to car users as an itemised bill that looks almost exactly like a mobile phone bill.

Many cars are already fitted with technology that combines satellite positioning with mobile communications to provide facilities such as useful information on road conditions, and in 10 to 15 years, such technology will be commonplace. But we need to establish what technological options there are for putting together distance, place and time of travel. We are looking at what is working now, and how we could approach pricing in a way that allowed us the scope to benefit from future technological development. While cross-party support to examine the benefits that road pricing might bring is important, the lesson of recent times is that we need a consensus not just among politicians but among the public. We are considering how to provide the safeguards that would need to be built into the system: for example, to respect individuals' privacy and to ensure that the right price is put on the right journey in a way that motorists can see and understand.

A great deal of work has already been done on some of those issues in the development of the lorry road user charging scheme. That has confirmed that a distance-based charge has the potential to be a workable and practical way forward. But our thinking on national road pricing has developed further. We are now taking forward work on a national system of road pricing, so it is right for us to take forward the plans for distance-based lorry charging as part of the wider work on national road pricing—to develop a single, comprehensive, cost-effective system.

Although, therefore, the current procurement for lorry road user charging will not continue, we will continue to work with the industry and to ensure that we carry the full experience gained from the project into the wider work to develop a national road pricing system for cars and lorries. We will also continue to work with the haulage industry to ensure that its needs are represented as we develop a national road pricing system.

For the sake of completeness, and with your permission, Mr. Speaker, I ought to draw the House's attention to a written statement made by the Treasury today. In the Budget, the Chancellor of the Exchequer announced that, owing to the sustained volatility in the oil market, the annual inflation-only increase in the main fuel duties would be deferred until 1 September. The Financial Secretary has today announced that the Government will not go ahead with the planned inflation increase on 1 September, including for rebated oils, biofuels and road fuel gases. The position will be reviewed again at the time of the pre-Budget report.

Mr. Alan Duncan (Rutland and Melton) (Con): Today's statement is somewhat overdue. The Department's July 2004 White Paper, "The Future of Transport", stated that

"mechanisms for deciding on allocations from the Transport innovation fund will be published alongside regional guideline budgets in the 2005 budget."

Well, they were not. What we see now is another example of a total lack of openness in the run-up to the election.

Last year's White Paper undertook to establish the so-called transport innovation fund, the purpose of which was expressed in the inevitable jargon that bedevils the well-meaning intent that goes with this policy—that the Government wish to

"give our delivery partners incentives to develop and deploy coherent, innovative, local and regional transport strategies . . . which will include road pricing, modal shift, and better bus services".

Today, therefore, we get this somewhat unexpected announcement. Given the past track record of the Secretary of State's Department, we will all be suspicious that something of far greater magnitude is going on behind the scenes, about which we are not being told. From what he has said today, we can now see exactly what he is up to.

The entire statement is only obliquely about the transport innovation fund. In fact, it is about the introduction of road pricing. For the Secretary of State to label it as a statement on the innovation fund, and then at 20 minutes' notice to reveal that it is in fact a detailed announcement about road pricing, makes a complete mockery of our parliamentary proceedings, and makes it very difficult for an Opposition spokesman, or indeed the whole House, to have any respect for his integrity in honestly handling parliamentary courtesies.

The innovation fund is not in any way about helping local authorities devise integrated transport policies for their local area: it is the Trojan horse through which nationwide congestion charging will be established throughout the UK. Why could not the Secretary of State have been honest and straightforward about that in advance? Perhaps that is why we now know why the fund's budget will increase from about £200 million to £2 billion over the next 10 years.

This is not about innovation but about centralisation and the imposition of road pricing. The supposed benefit to local communities is in fact an extension of the central power of Ministers to direct money where they choose, outside the usual system for allocating funds, and to establish road pricing through the back door. Were this genuinely about the innovation fund, many of us would want to know what the Secretary of State's definition of innovation is. I might not be alone in sharing a concern that this centralised scheme might create perverse incentives for local councils to devise schemes that spend a budget, rather than support schemes that they really need.

Were this genuinely about the innovation fund, we might also ask whether the fund will be applied to "innovative" schemes already under way. The Secretary of State has mentioned in written answers to me and to others that the Manchester metrolink will be a candidate for money from the fund, but can he guarantee that other ongoing projects will be able to apply for money?

I read in the right hon. Gentleman's statement on the White Paper last year that the fund would be used to support

"innovative mechanisms which raise new funds locally".

We now know that by that he meant congestion charges and higher road taxes. Now that we are aware that this is all about road pricing, let me repeat some, if not all, of the questions I asked the right hon. Gentleman on the occasion of his lecture to the Social Market Foundation, to which I have not yet received a reply.

Will every road have a price levied on it? Will local people have a say on local tariffs? Will there be one national scheme? Will the Mini pay as much as the Bentley? How will foreign cars be charged? Has the right hon. Gentleman considered the civil liberties issues, given that the state will trace our every move? How long will car-tracking data be held? Will the police and the Security Service have access to that data? What is the status of the "spy in the sky" technology? How much will a tracking box cost? What will the pilot scheme assess if it is working only in a limited local area? Can the right hon. Gentleman give an unqualified guarantee that the motorist will be no worse off as a result of what he is proposing?

The Secretary of State has not played straight today. It is the hallmark of his Department, and in my opinion it is no way for the business of government to be conducted.

Mr. Darling: I am sorry that the hon. Gentleman struck that tone. *[Interruption.]* In some ways it did not surprise me, however.

For the sake of completeness, the hon. Gentleman might wish to report that he and I have had a number of conversations about this subject, and about road pricing. I said, among other things, that I would be happy for him, and indeed his colleagues, to visit the Department to discuss the issues.

Mr. Duncan: We are still waiting.

Mr. Darling: I understand that arrangements have already been made for such a meeting. I am sorry that the hon. Gentleman feels that he has somehow been wronged. He knows, as do others who have dealt with me, that I try to be straightforward. I am also rather puzzled by his reference to having received the statement "at 20 minutes' notice". I devoted considerable effort to ensuring that he received it, and supporting papers, an hour in advance as usual, and he should have done so.

The hon. Gentleman said that last year we published outline proposals for the fund, and that its purpose was not clear. I refer him to page 134 of the White Paper published last year, which states:

> "We will establish a new Transport innovation fund, to support the costs of innovative and coherent transport measures—which will include road pricing, modal shift, and better bus services. And we will also support innovative mechanisms which raise new funds locally."

I do not think the hon. Gentleman can say that he did not know what the transport innovation fund was for. True, the information was on page 134, perhaps requiring the reader to peruse the preceding 133 pages, but it was fairly clear. Similarly, in the opening paragraph of my statement today I made it clear that I wanted to talk about the innovation fund, and about how we were progressing with the national road pricing scheme. *[Interruption.]*

The hon. Gentleman keeps pointing at the monitor. As he will know—but perhaps he does not; I am not sure that he was ever in the Government—it cannot carry an entire essay. It tends to truncate the headlines. I think that he is making a fuss about nothing.

The hon. Gentleman made a couple of more important points. He asked about Manchester. The position on Manchester and its access to the innovation fund is exactly as I described it on 16 December last year in a written statement to the House. The fund is there to encourage local authorities and passenger transport executives to consider imaginative ways of dealing with congestion.

As for road pricing, as the hon. Gentleman knows, a number of big questions still need to be answered. I raised the matter a few weeks ago and returned to it today because I believe that the country has an obligation to look at the problems that we face over the next 20 or 30 years and do something about them. I am bound to say that I was pleasantly surprised when the hon. Gentleman said on the day of my announcement that he was prepared to consider some of these proposals. The attitude that he struck today is rather different and I am somewhat surprised by it. I should point out to him and his colleagues that these are huge issues and that they need to be looked at. If we are to make progress, we will need to consider piloting in a smaller part of the country, rather than going straight to a national scheme. I am pleased to tell the House that different parts of the country have shown a surprising amount of interest in beginning to tackle what is a big problem—one that will affect successive Governments in years to come.

Mr. Ronnie Campbell (Blyth Valley) (Lab): For people in my constituency, the only means of transport into the conurbation of Newcastle is by bus or car, so they will have to be charged for going there. There is a rail link—the Blyth and Tyne line—but there is no money to be spent on it. Will this innovation fund spend money on such rail links?

Mr. Darling: We are already spending considerable sums on the railways—in fact, in the past seven years we have doubled the amount being spent. Moving to road pricing involves moving away from the current system of taxation to a charge based on distance travelled, so it is a big step. The objective is to get more out of the existing capacity, but I repeat the point that I made to the hon. Member for Rutland and Melton (Mr. Duncan): much of the detail still needs to be worked out, but if we do not start thinking about the system's possibilities, we face a future of increasing gridlock. I will get back to my hon. Friend concerning the railway line that he asks about—he has mentioned it on several previous occasions—but as he will appreciate, I do so without promising anything specific.

Tom Brake (Carshalton and Wallington) (LD): I, too, thank the Secretary of State for an advance copy of the statement. But in keeping with the experience of the official Opposition spokesman, my office received this unusually long statement—compared with normal statements in this House—only 20 minutes beforehand. As the official Opposition spokesman also suggested, a title for today's statement such as "Road User Pricing" would perhaps have been a more accurate description of the subject that we are briefly debating today. However, our position on road-user pricing has not changed. We welcome this debate, we agree with the Government that radical measures are needed, and it is of course sensible to implement pilots first. Only in years to come will the House be able to tell whether the transport innovation fund has proved effective in funding delivery of the pilot schemes.

[Tom Brake]

A number of questions arise from the statement. Is the transport innovation fund new funding, or has the money in fact been taken from elsewhere in the Department for Transport budget? The statement makes it clear that such funding is available only for pump priming, yet for many projects there will be revenue implications. It is regrettable that, apparently, the transport innovation fund will be unable to provide such support. Will the Secretary of State say whether there is any risk of local authorities that have secured transport innovation funding discovering that they then have to underwrite the costs—underestimated costs, regrettably—associated with providing free bus passes, for instance? The risk is that funds coming into the system at one point might have to go out at another.

The transport innovation fund might deliver the pilots that we need to test the feasibility of road-user pricing—or not. In three years' time, when the fund really comes on stream, the House will find out.

Mr. Darling: I shall ask for inquiries to be made about the provision of advance sight of today's statement. All that I know is that I asked that it, together with the supporting documents, be in the hands of the official Opposition an hour beforehand, which is the normal practice. I must say that that did not always happen in my time in opposition, but I do feel strongly about this issue and if something has gone wrong, I apologise. I will find out what happened, given that it appears to have happened to both principal spokesmen.

The transport innovation fund will rise from about £290 million to £2.5 billion by 2014–15. It is part of the additional money allocated to the Department for Transport in last year's spending review. The purpose of the fund is specifically to support innovative projects to tackle congestion and improve productivity. It is in addition to the normal course of funding that the Department embarks on, whether it be for local authorities, the Highways Agency, railways or whatever. The vast majority of the Department's budget is allocated in that way and the fund is supplementary.

The hon. Gentleman asked specifically about funding for pensioners' travel. As he will know, the Chancellor allocated an additional £350 million in the last Budget. That is a completely distinct amount, which is available from next year. It is wholly separate from the transport innovation fund.

I take the hon. Gentleman's point that, at this stage, before a pilot scheme has been established, it is impossible to evaluate it. My point is that if we as a country decide to make the change, it would be foolish to switch over from the present system to something entirely new without having seen, tried and tested a system. That is why I would encourage local authorities or groups of local authorities to work with us to achieve that. I repeat the point that I made to the hon. Member for Rutland and Melton—that the transport innovation fund is also available for other measures. I used the example of Manchester, which has the opportunity to put in a bid, so the fund is not exclusively for road pricing. That is why I said that the transport innovation fund is about the transport innovation fund.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): We all know that there is severe congestion in all parts of the country. In my constituency on the west of Newcastle, the A1 is very heavily congested in the morning and the evening, partly as a result of commuters from the constituency of my hon. Friend the Member for Blyth Valley (Mr. Campbell) making their way into the Tyneside conurbation. May I tell my right hon. Friend that I support the principle of differential pricing, which I believe is a way of getting better capacity out of the roads? However, I believe that it will be unsuccessful unless we have working patterns different from our current ones. In that connection, does my right hon. Friend agree about the need to consult employers, trade unions and school governors about working times?

Mr. Darling: I absolutely agree with my hon. Friend about that. Indeed, a number of employers are already looking into varying the times at which their employees start and finish work. That is happening in different parts of the country and I believe that it will become commonplace in the years to come. As to schools, my right hon. Friend the Secretary of State for Education and Skills is considering the problem with local education authorities. Something like one in five cars on the road at 10 minutes to 9 in the morning are on the school run.

I appreciate my hon. Friend's point about the A1. Much of the traffic comes from different parts of Newcastle, Gateshead and the surrounding areas. When the Department considered a study that was set up to examine the problem, we realised that whatever happens to transport in Newcastle, it will have to be looked at across the piece. It is not just a question of the A1, as much of the volume on that road is commuter traffic rather than traffic coming down into England from Scotland. We certainly need to reflect further on the problem.

Sir George Young (North-West Hampshire) (Con): The Secretary of State may be relieved to hear that at least one of his predecessors is not unsympathetic to the concept of road pricing, but subject to a crucial condition that my hon. Friend the Member for Rutland and Melton (Mr. Duncan) mentioned—though the right hon. Gentleman did not reply to him. Is this proposition to be revenue-neutral on the motorist and, if so, will the right hon. Gentleman confirm that those who travel in rural areas on lightly used roads may find that their motoring costs go down?

Mr. Darling: I am grateful to the right hon. Gentleman, who I know has spent a considerable amount of time thinking about transport—not just when he was Secretary of State, but since. He will understand some of the problems that we face, but I have to say that they have got rather worse, simply because of increased pressure on the roads, since he was Secretary of State.

John Bercow (Buckingham) (Con): Bring him back!

Mr. Darling: We have no plans to do so, as they say.

I have made the point on a number of occasions that if we move to a system of road pricing, we would be moving away from the present system of taxation. We could not have a charge on top of a charge. It would

have to be something instead of the present system. I strongly recommend that the right hon. Gentleman, if he has not already done so, have a look at the feasibility study that I mentioned in my statement. It found that we could have almost 40 per cent. less congestion at peak times and that nearly half of people would pay less than they do at present. In fact, if we could reduce even 4 to 5 per cent. of the volume of traffic at peak times, it would have a very dramatic effect. I understand perfectly well where the right hon. Gentleman is coming from on this matter and I am grateful to him for putting his point so reasonably.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend is obviously right to try to achieve consensus on the proposed scheme, although the attitude displayed by the Conservatives, and the less than wholehearted support given by the Liberal Democrats, suggest that that might be hard. Will he ensure that we do not end up putting all our eggs into the basket of the national road user charging scheme, at the expense of the fairly radical measures to tackle road congestion that must be taken in the next 10 or 15 years? Congestion will get a lot worse before any road user charging scheme can come into effect.

Mr. Darling: As I said in my statement, we must secure a degree of consensus on this matter. Consensus among politicians is desirable, although achieving it may take time and in the end may not be possible. However, there also needs to be a wider debate in the country on these matters, as they represent a huge change. On the day that I gave my speech to the Social Market Foundation, a Conservative Member stopped me and said that we would have to see how long the consensus lasted—

Mr. Duncan: Was that me?

Mr. Darling: No, the hon. Gentleman thought of that some time later. Consensus may be difficult, but we have to achieve it. The easiest thing in the world is to say and do nothing, but that would be the worst possible option for most motorists, and that is why we must look at these matters.

With your permission, Mr. Speaker, I should like to tell the House that I have made some inquiries—or inquiries have been made on my behalf—about the statement text. Apparently, it left my office at 2.35 pm, but something went wrong subsequently. I apologise to the Conservative and Liberal Democrat Front-Bench spokesmen for that. Their predecessors will know that, when I make statements, I make a point of getting the text to those who need it the requisite hour before.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The Secretary of State will know that the highlands and islands have long laboured under very high fuel charges. Should not any road pricing scheme ensure that fuel prices in those areas are substantially lower than at present, given that people currently pay as much as £1 per litre?

Mr. Darling: The hon. Gentleman knows that I am well aware of the fuel prices in the western isles, as I have paid those high prices on many occasions. He is right, to the extent that road pricing would depend on distance travelled and on a given road's level of congestion. Various prices were modelled in the feasibility study that we published last July, but a lot of work remains to be done. If any national system were established, it would be UK wide. Scottish local authorities' participation in the piloting process would depend on whether they wanted to take part, and on their willingness to work with the Scottish Executive.

Adam Afriyie (Windsor) (Con): Will the Secretary of State confirm that the fund will not be used for schemes that are not revenue neutral? People are worried that it will be used to raise additional revenue for the Exchequer, so will the right hon. Gentleman confirm that that will not be the case even locally?

Mr. Darling: The pilot schemes would work on the basis that people would be rebated the cost of their fuel, and they would run alongside the present system, so I am not sure the problem identified by the hon. Gentleman would arise. The aim of the pilot studies is to look at the technicalities involved in the scheme, and to determine whether it would work. The studies will also try to find out whether people's behaviour can be changed. The fund is also available for necessary improvements in public and other transport, and will not to be devoted solely to the road pricing scheme. A concerted effort to deal with congestion in a particular area means that money must be put into all aspects of transport, not just one.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Towards the end of his statement, the Secretary of State made an announcement about lorry road user charging being suspended and rolled into total road user charging. The Chancellor promised hauliers a level playing field with the rest of Europe as they move from fuel tax and towards road charging. Will they now see that level playing field disappear over the horizon?

Mr. Darling: The hauliers are concerned about two things. First, they are worried about what they pay in comparison with what lorry drivers from France or Italy pay. Secondly, they are worried that a national scheme would mean that they would have to meet the costs of the lorry scheme, which might be higher than otherwise. The hauliers did not want the complexity that would arise if a scheme for the rest of transport were introduced after a lorry scheme, and that is something of which we are very conscious. The difference is that although the lorry duty charging scheme was first conceived in 2000 or 2001, matters have moved on since. It makes sense, if we are looking at a national scheme—specifically, at putting a fair amount of money into a pilot scheme—to bring the two things together. It would be a mistake to continue one separately because it was designed with slightly different objectives in mind.

As I said earlier, we are determined to continue to work with the haulage industry, and we work closely with it through the forum that was established five years ago. I hope that the announcement about fuel duty today will also help the industry.

Michael Fabricant (Lichfield) (Con): When the Secretary of State considers technology, why does he always consider hammering the British motorist? Why is he not looking at technologies being researched in the United States to increase traffic density two or three fold, which would allow 100 million cars on our roads without congestion? Has he looked at such research? He talks about spending £2.5 billion on road pricing. Why not spend that money looking at ways to increase traffic density without the congestion that we do not want?

Mr. Darling: There are some 32 million cars on the UK's roads, and I do not know how on earth we would get 100 million cars on them. I would be surprised if the hon. Gentleman runs around his constituency promising to fill the roads to the point of gridlock, because that would not make any sense. If the hon. Gentleman was asking about the management of roads and ensuring the free flow of traffic, he may be aware that we are about to introduce a measure similar to one used in the United States, on the M42 in the west midlands—which is not a million miles away from the area that he represents.

Nia Griffith (Llanelli) (Lab): Does my right hon. Friend agree that the scheme would provide a genuine incentive for individuals to seek more environmentally friendly forms of transport and that it would also be of benefit to those pensioners who use their cars only once or twice a week and thus do not get value for money out of the present system?

Mr. Darling: If someone uses their car rarely, the scheme will benefit them. It is also important that we maintain measures that encourage people to drive environmentally friendly cars, on top of other measures that the Government have introduced to encourage greater fuel efficiency and the growth in the use of biofuels.

Mr. Nick Hurd (Ruislip-Northwood) (Con): Will the Secretary of State clarify one important message in his statement? In paragraph 17, he said that local authorities will be encouraged to bid for development funding, available in the next three years, to support planning for local demand management schemes where pricing is a major element. Does that mean that local authorities that have a different sense of local priorities—for example, authorities that wish to invest in a relief road or in soft measures to improve bicycle use or bus use—should take from his statement the message that they should not bother?

Mr. Darling: No, that is not right. The hon. Gentleman may not be aware of it, but last December, when the issue arose in relation to Manchester and its metro, I made it clear that nobody is telling Manchester that it has to adopt road pricing. The Department supports several measures, including relief roads and measures to encourage cycling. The scheme is one part of my proposals for the transport innovation fund. It is an important part, but it is not the only thing that we are going to do. We are doing, and will continue to do, other things in transport. However, if we are to pilot road pricing, we need to be prepared to spend some money doing so, and that is why I attach considerable importance to it. The Department will of course continue to fund other schemes, including relief roads and the other transport measures that the hon. Gentleman mentioned.

Dr. Vincent Cable (Twickenham) (LD): The Secretary of State has rightly attacked the rail companies for their proposals for congestion charging on the railways. What proposals does he have to review the system of public transport regulation to ensure that their charging policies complement rather than undermine his welcome move to road pricing?

Mr. Darling: In any transport system, we have to ensure as far as we can that the schemes are complementary. My point about the railways was that a policy predicated on saying to people, "Don't go on the railways"—it more or less suggests that they should stay at home—is doomed to failure and I would not support it. The hon. Gentleman is right. As we try to introduce measures to ease the flow of traffic and make it easier for people to get around, other modes of transport need to complement that. We need to continue to invest in a wide range of transport and continue to ensure that we develop schemes that might make transport, and car travel in particular, easier in future. That is why we wish to establish the transport innovation fund.

Mr. Owen Paterson (North Shropshire) (Con): We suffer from appalling congestion because we distribute our road assets in a manner similar to the manufacture of iron bars in Novosibirsk under the Soviet Union, so I am sympathetic to the idea. But I should like some clarification to the reply to my right hon. Friend the Member for North-West Hampshire (Sir George Young). The Secretary of State has used phrases such as new money, so if road pricing is to be brought in, can he clarify whether that money will entirely replace vehicle excise duty and fuel duty, which will be abolished?

Mr. Darling: I am grateful to the hon. Gentleman for his preparedness to look at these things. As I said to his right hon. the Member for North-West Hampshire (Sir George Young) a few moments ago, if we were moving to a new system of charging on the basis of distance travelled, varied according to how congested a road is, that would be in place of the present system. We cannot have a situation where we simply impose additional charges; it would be a radically different way of looking at these things and we need to see whether it is feasible. We need to consider whether the gains that we think would come from such a scheme are possible. If we could achieve it, there would be a huge prize. Far from having 100 million cars on Britain's roads, as his hon. Friend the Member for Lichfield (Michael Fabricant) seemed to be hinting we should, most people would rather have roads that can be driven along rather than being used as a very big car park.

Mr. Charles Walker (Broxbourne) (Con): Will the Secretary of State accept that we cannot preserve our roads only for rich people? In my constituency, there is genuine concern about some of the figures that have been talked about in the press—for example, £1.34 a mile, which would mean that a nurse commuting from

Broxbourne to Chase Farm paid about £120 a week in charges. We could give her all the free petrol she could use and it still would not cover the £120 charge.

Mr. Darling: I am sure that the hon. Gentleman will have pointed out to his constituent that the study from which the figure of £1.34 was derived stated that the charges would range from 2p a mile to £1.34, and the £1.34 would be paid by only 0.5 per cent. of the population, on a very narrow range of streets, at very busy times. We have to be grown up about these things, but inevitably, given a range of figures, people reporting these matters tend to go for the highest rather than the lowest. I have no doubt that the hon. Gentleman will want to tell his constituent that, and if he likes, I will happily write him a letter making that point, which he can pass on.

Mr. Andrew Turner (Isle of Wight) (Con): May I say gently to the Secretary of State that we do not all live on one island, overcrowded or otherwise? People who travel to and from my constituency are among the few who already pay charges, which vary, depending on congestion and distance, and considerably exceed £1.34 a mile. My constituents pay road fund licence fees and petrol duty in addition. The Secretary of State has a rural bus grant and the Chancellor has announced half-price bus fares for pensioners, so will the Secretary of State tell us whether the transport innovation fund can be used to extend those benefits to passenger ferry users?

Mr. Darling: I have to disappoint the hon. Gentleman. The transport innovation fund is not intended to fund concessionary travel of the sort to which I think he refers. I know that he had hoped to be in the Chamber at Transport questions to raise that point last time, but unfortunately he could not—I do not know whether the ferry held him up. Concessionary travel might be part of an overall strategy, but the hon. Gentleman asked specifically whether the fund could be used to support such travel—like the £350 million that the Chancellor has allocated for concessionary travel for pensioners—and the answer is, no, that is not what it is intended to do.

I am well aware of the fact that not everyone in the UK lives on one island. I do not live on an island, but I know an island well and it is expensive to cross the sea to go there, so I understand that point perfectly. The hon. Gentleman will know that under successive Governments ferry fares are not always based on what it would cost to drive along a road—but there are other benefits to living on an island, as I am sure he knows.

Pharmaceutical Labelling (Warning of Cognitive Function Impairment)

4.14 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for a warning symbol to be prominently displayed on the packaging of pharmaceuticals which act on the brain and central nervous system so as to impair dangerously the consumer's ability to carry out certain activities; and for connected purposes.

This is the second time for this Bill—I secured a ten-minute rule motion in the last Session, but the general election meant that the Bill fell, as the scheduled Second Reading date was after the election. Since then I have continued to consult on the proposal with national organisations, as well as locally with pharmacists in my constituency, directly and through the Barnet Pharmaceutical Committee, which is very supportive of the Bill, as is my local primary care trust. I have also held a consultation with local residents, and the responses that I have received are overwhelmingly in favour.

Turning to the substance of the Bill, a psychoactive pharmaceutical is one that has a direct action on the brain and thus exerts its clinical effects, such as reducing depressive symptoms or levels of anxiety, or inducing a good night's sleep. Such pharmaceuticals are also used to treat panic attacks, post traumatic stress, obsessive-compulsive disorders and allergies. The direct action on the brain needed to alleviate the symptoms also gives the potential to affect other nervous functions for the accurate performance of the tasks of daily living, whether at home, on the roads or in the workplace, including the rate of information processing, alertness and attention, visual processes, motor co-ordination and memory. I would hazard a guess that most of us in the House today know someone who has used these perfectly legal drugs without knowing that if the user were then to take to the roads their judgment could be just as impaired as if they had drunk alcohol well over the legal limit.

Over a five-month period, Professor Hindmarch of Surrey university conducted a pilot study in which blood samples were collected from people at two hospitals treating accidental injuries. The results of the study implied strongly that the presence of tricyclic antidepressants and benzodiazepines presented an increased risk of accidental injury. Under a different pilot scheme, information on contributory factors to road accidents was collected by 15 police forces in 2002 and 2003. The influence of drugs was recorded as a contributory factor proportionally on a par with the effect of excess alcohol, although it is not clear what proportion were legal or illegal drugs.

In 2001, the Transport Research Laboratory published a study to measure the incidence of drugs in fatal road accident casualties. An earlier study published in 1989 had found that the incidence of medicinal drugs, at 5.5 per cent., and illegal drugs, at 3 per cent., was relatively low in comparison with alcohol at 35 per cent. However, the 2001 study, based on results collected between 1996 and 2000, found that the incidence of medicinal and illegal drugs in the blood samples of road traffic fatalities was three times higher than in the previous study, at 24 per cent., while the incidence of alcohol had fallen to 31 per cent.—again, figures roughly in parallel.

[Mr. Andrew Dismore]

A Canadian study of fatal road accidents in 1981 found that drivers who had used benzodiazepines were found culpable in 98 per cent. of the cases examined. Drivers involved in fatal road accidents who were taking antihistamines were found culpable in 72 per cent. of cases.

There is no defined limit for drug use as there is for alcohol, and no such clear-cut test as the random breath test. Moreover, the law does not make a distinction between illegal or misused drugs and "over-the-counter" or prescription drugs, taken as directed by a GP or other medical practitioner. Just as we have come round to welcoming a culture that emphasises the need for warnings about alcohol levels—driving while drunk is no longer tolerated, and for most employers drunkenness at work is a dismissible offence—it is time to ensure that those using psychoactive drugs are aware of their effect.

The Driver and Vehicle Licensing Agency provides advice to medical professionals, and doctors and pharmacists should provide information when dispensing prescriptions or other medicines. The Department for Transport is also currently researching the attitudes of UK health professionals about providing "fitness-to-drive" advice to the public. This includes an examination of advice given in relation to medication. However, this is not enough. Clearer labelling seems to me an excellent way both to alert the public to the unexpected hazards of what they may be taking to cure their ills, and to provide a clear safety message, triggering the need to consider the risks before driving or embarking on potentially hazardous work. Who would be willing to wield a dangerous power tool if they knew that their reactions might be seriously impaired?

At the moment, there may be a pharmacy sticker stating, "Do not drive if you feel drowsy," or, "may cause drowsiness". But of course by that time it is already too late, as the safe limits will have been exceeded. Inside the package, there may be a tightly folded patient information leaflet. If people manage to unwrap it, they find the print so small and illegible that they need a magnifying glass to read it. Of course, for those of our fellow citizens or visitors to our shores who speak little or no English, the leaflet is of little use or no use at all—and as the language used is very rarely plain English, it is often not much help to the rest of us either.

I do not believe that such warnings are adequate. The labelling is ambiguous and unhelpful. The patient is extremely unlikely to have insight into the actual level of drowsiness that is being caused in the brain. At present, those unclear or inadequate warnings could also leave the drug manufacturer, the prescribing doctor or the dispensing pharmacist at risk of a civil action for compensation for negligence if the patient suffers injury as a direct result of taking the medicine, without fully appreciating the risks, as a consequence of such a poor warning. The pharmacist who adopts present good practice by verbally supplementing the warning may well not escape liability, as things stand. The proposals in my Bill would significantly reduce, and probably eliminate, that risk of civil liability.

My Bill would require the external packaging of those medicines known to have an effect on judgment to be prominently marked. I propose the use of a red triangle, meaning quite simply, "the use of this medication could seriously impair your judgment," although the Bill leaves the precise design of the warning to be decided after appropriate consideration and consultation. The main classes of medication, although there are others, that would fall into the red triangle category would be benzodiazepines, which are available only on prescription and used primarily for anxiety or sleep disturbance; tricyclic antidepressants, which are also available only on prescription; and antihistamines, which are available over the counter to treat common complaints such as hay fever and conjunctivitis.

A report compiled by Loughborough sleep research centre identified those medicines that are available over the counter with the potential to cause drowsiness and, therefore, the potential to be hazardous. From the literature, it is clear that one antihistamine group—the H1 receptor—is particularly sedative and is even used for the relief of temporary sleep disturbance in some circumstances. The impairment caused by the recommended doses of at least two of those drugs is greater than that caused by the legal blood alcohol concentration limit for driving in this country. The elderly are particularly vulnerable to the sedative effects of those drugs.

I do not suggest that those drugs are dangerous in themselves or that their use should be curtailed in either prescription or over-the-counter sales; rather, what I advocate is that, because those drugs will continue to be used regularly by huge numbers of the population, a red triangle marking would stand as an unambiguous warning that the ability to drive or work safely might well be impaired on taking the drug. That would give users more control over their activities and an option to seek different medication if appropriate. Choice and control in avoiding preventable accidents are of paramount importance.

This view has already been taken in other countries. In Canada, a warning symbol was introduced under the Controlled Drugs and Substances Act 1996. In other countries such as France, the Netherlands and Denmark, a clear system of symbols is used: green if it is safe to drive; amber if caution is needed; and red to show that people must not drive. The European Commission has acknowledged the benefits of such a system and referred to the need for the appropriate labelling of medicines in the European road safety action programme for 2003 to 2010, which aims to halve the number of people killed on the roads by 2010.

EU directive 2001/83, dated 6 November 2001, deals with the Community code that relates to medicinal products for human use. Article 62 states that warning symbols may be used on the packaging of medicines to provide a clear warning of possible adverse effect. It states:

"The outer packaging and the package leaflet may include symbols or pictograms designed to clarify"

the detailed technical information and a summary of the product characteristics, which are useful for health education and are set out on the packaging and patient information leaflet.

Red triangle symbols are currently in use in Denmark, France, Iceland and Norway, and other versions of similar symbols are used in Austria, Belgium, Italy and Spain. The UK is lagging behind continental Europe. We should move towards a visible warning on those medicines that will leave no adult in any doubt about their potential effects. The red triangle is an obvious, visible warning saying, "Be careful what tasks you choose to do. Do not drive. Do not operate machinery." We need to act now to cut deaths and injuries on the road, in the workplace and at home. I hope my Bill will find favour with the House today.

Question put and agreed to.

Bill ordered to be brought in by Mr. Andrew Dismore, Stephen Pound, Martin Salter, Mr. David Hamilton, Dr. Alan Whitehead, Angela Eagle, Miss Anne Begg, Ann Keen, Mr. Neil Gerrard, Mr. Andrew Slaughter and Paul Flynn.

Pharmaceutical Labelling (Warning of cognitive Function Impairment)

Mr. Andrew Dismore accordingly presented a Bill to make provision for a warning symbol to be prominently displayed on the packaging of pharmaceuticals which act on the brain and central nervous system so as to impair dangerously the consumer's ability to carry out certain activities; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 12 May 2006, and to be printed [Bill 39].

Orders of the Day

Immigration, Asylum and Nationality Bill

[Relevant documents: Fifth Report from the Constitutional Affairs Committee, Session 2004–05, HC 276-I, on Legal aid: asylum appeals, and the Government reply thereto, Cm 6597, and Second Report from the Constitutional Affairs Committee, Session 2003–04, HC 211-I, on Asylum and Immigration Appeals, and the Government reply thereto, Cm 6236.]

Order for Second Reading read.

4.25 pm

The Secretary of State for the Home Department (Mr. Charles Clarke): I beg to move, That the Bill be now read a Second time.

The Bill covers the aspects of the Government's five-year strategy on asylum and immigration, which was published last February, that require primary legislation. The purpose of the strategy is to make migration work for Britain. It includes measures to make our immigration system simpler, clearer and more robust. The reformed system will explain publicly and clearly who we will admit to the UK and why, and who we will allow to stay in the UK and why. It will also show that we enforce the rules rigorously in every respect.

The UK needs economic migration. We welcome people who migrate here to work and study—they are an essential part of our society and economy. Anyone who looks back over the recent years and decades will be able to give testimony to the major contribution that they have made to the life of this country. We need migration to fill the gaps in our labour market that cannot be filled from the domestic work force. Of course, the Government will continue to welcome people who are genuinely fleeing persecution. However, as we do so we will not—and cannot—tolerate abuse of the system. That explains why the five-year strategy contains four major work streams, in each of which we work with a range of other countries to improve the effectiveness of our system.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): Has the Secretary of State considered carefully the interaction of the Bill with legal aid provisions and the warning of the Select Committee on Constitutional Affairs that lawyers deciding whether applicants face possible human rights concerns if deported should not have to gamble on funding decisions? Bearing in mind that the Government are sending people back to Zimbabwe and have been subject to challenge in the High Court on these matters, does he not realise what a chill that message sends through those who are concerned about the safety of those people?

Mr. Clarke: Yes, we have considered those relationships. The Bill deals with some of those matters and the Lord Chancellor has made proposals in the other place on legal aid. He will continue to examine carefully the general aspects that the right hon. Gentleman raises. However, I hope that he agrees that it is important for legal aid resources to be focused on the people who most need them—the very people whom he described in his example. That is the purpose and intention of the Lord Chancellor's proposals.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): May I ask my right hon. Friend about another aspect of legal intervention, namely, the way in which solicitors batten on to immigrants in this country who have legal problems? They charge money even for applications and then botch cases. I heard of a case this very afternoon involving the appalling Thornhills company in Manchester, which has botched cases so that they have to come to Members of Parliament anyway. Will my right hon. Friend make solicitors involved in immigration matters registrable in the same way in which advisers are?

Mr. Clarke: My right hon. Friend is completely correct, so perhaps I can take this opportunity publicly to urge Members to let the Home Office know if they are aware of people who behave in the way in which he describes so that those cases can be dealt with. We set out in our five-year strategy specific proposals to deal with the problem because the sad fact is that a number of decent people are essentially taken in by fraudulent practitioners. That process is misleading and causes despair—it is simply a money scam in a wide variety of different ways. I take what my right hon. Friend says seriously and invite colleagues to communicate to us cases that need to be addressed, as he did in his intervention.

Mr. Jim Cunningham (Coventry, South) (Lab): As my right hon. Friend progresses through his speech, will he address the problem of foreign students and the right of appeal? I am sure that he is well aware that universities are worried about that.

Mr. Clarke: My hon. Friend is correct that there are concerns. I hope that he will forgive me if I address that matter later in my speech.

John Bercow (Buckingham) (Con): The Home Secretary should be aware that the proposed replacement of indefinite leave to remain with the right to remain for a period of five years, subject to revocation by his Department at any time, is of considerable concern. Further to the pertinent intervention of the right hon. Member for Berwick-upon-Tweed (Mr. Beith), may I put it to the Home Secretary that the Aegis Trust, which is properly concerned with the genocide in Darfur, is horrified by the number of cases of asylum seekers from Darfur whom the Home Office judges it safe to return to Khartoum? That displays a truly staggering ignorance of the sinister character of the state apparatus in Sudan.

Mr. Clarke: With great respect, the fact is that these are difficult issues. The Home Office is advised, as we rightly should be, by the Foreign Office about the conditions in any given country, whether it is Sudan, as the hon. Gentleman describes, or Zimbabwe, to which the right hon. Member for Berwick-upon-Tweed (Mr. Beith) referred. The principle, which must be right, is that we look at the circumstances of the individual and take those into account in the judgment process. I acknowledge that they are difficult judgments. I also pay tribute to the work of various non-governmental organisations that work in those areas. We talk to them—not all of which agree with us on every point, of course—about the right way to deal with the problem.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I listened to what the Home Secretary said about the need to consider individual circumstances. He will remember that recently he said in response to the hon. Member for Birmingham, Hall Green (Steve McCabe) that all Members' representations in asylum cases will be looked at carefully. Yet as I understand it, Mr. Absolom Mashamba, featured in *The Times* this morning, has been moved from Campsfield house to Heathrow for deportation to Harare tonight, despite the fact that his case has appeared in a British national newspaper and that I gave detailed representation to the Home Secretary's ministerial colleague last Friday. I have heard nothing back. Even if I receive something this afternoon, there is no opportunity for me to make further representations on the basis of that. Will the Home Secretary assure me that he will stop the removal tonight so that further legal action can be taken by that man, who has been on hunger strike for 10 days?

Mr. Clarke *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before the right hon. Gentleman replies, I remind the House that we are talking about the Bill. We should not use it as a peg to deal with individual cases that are under consideration.

Mr. Clarke: I hear your injunction, Mr. Deputy Speaker, and will proceed with what I have to say about the Bill. However, the hon. Gentleman's representations were considered, as was my commitment to the House. I am not going to comment in detail on individual cases, but the issues are as I set out. Every individual case, including representations from Members, will be carefully considered.

The approach taken in the five-year strategy was to identify four major streams of work. First, we wanted to establish a single points system for those coming to the UK to work or study. That would be designed to ensure that we target those workers that the UK most needs, that we simplify the current system so that it is easier for employers and applicants to use and for the public to understand, and that we make it more robust against abuse. That will be accompanied by measures to tighten our rules for permanent settlement and to simplify the appeals system. We will consult before the summer on what the new system might look like, but the legal measures needed in primary legislation to deal with that are covered in clauses 1 to 10 and 42 to 44.

The second aspect to the strategy is that the Government are introducing a new asylum process, building on the major successes that we have had in reducing abuse of the system and speeding up the treatment of applications. The reduced asylum intake will enable us to fast-track almost all new cases and to maintain contact with asylum seekers at key points in the process, so that we are in a better position to remove individuals whose claims are not justified. The new process will be simpler and more effective for genuine refugees and it is complemented by a new strategy of refugee integration, which we published in March this year. Most of this part of our proposals will be dealt with by changes to administrative processes and by changes to the immigration rules through secondary legislation. Clause 38 develops our strategy of refugee integration effectively.

The third part of our proposals establishes a fully integrated immigration control that is intelligence-led and uses new technology to check people before they depart for the UK, on arrival, while they are here and on departure from the UK. By 2008, we will fingerprint all visa applicants, who will have their details checked before they can board aircraft for the UK under the e-borders programme. Identity cards will help us to ensure that people do not work illegally or fraudulently claim access to services and benefits. We will check people out of the UK so that we know who has overstayed. Those checks will be supported by measures to crack down on employers of illegal workers and by closer working with the airlines to deal with individuals who use forged documents or who destroy them en route. Those measures are a major part of the Bill and are dealt with in clauses 11 to 36.

Finally, we want to make a major new effort to increase the removal of failed asylum seekers. We will use £30 million of savings from the asylum budget to recruit 500 new front-line staff and we will continue our efforts to reach more agreements with major source countries on returns, building on the considerable successes that we have already achieved. That will help us, by the end of the year, to return more failed asylum seekers than there are new unsuccessful claims. We will achieve all of that through international co-operation—not through fortress Britain—with our European Union partners during the UK presidency by working with the United Nations High Commissioner for Refugees and by developing partnerships with major source and transit countries for immigration. Clauses 39 to 40 cover those measures.

Mr. Mark Prisk (Hertford and Stortford) (Con): The Home Secretary referred to the problem of illegally employed migrants which, as he and many hon. Members will know, has often resulted in human tragedy. Is he, like me, concerned about reports from an unnamed Government spokesman that just 12 individuals are employed in the central team dealing with that problem? Can he confirm that number—and if it is not correct, how many are there?

Mr. Clarke: I cannot confirm the number from the Dispatch Box, but I will write to the hon. Gentleman. We are working closely with our colleagues across government, in the Department of Trade and Industry and elsewhere, to increase the impact on people who are employing illegal migrants. The measures in the Bill that I am about to set out will give us more power to do just that.

Keith Vaz (Leicester, East) (Lab): May I thank the Home Secretary for listening to hon. Members' concerns about family visit appeals? Is it still the Government's policy to remove the right of oral appeal? If so, where have abuses occurred in the system? Other hon. Members and I rely on that system to show that the immigration system is fair because people have a right of oral appeal.

Mr. Clarke: We are ready to listen to my hon. Friend and many colleagues on both sides of the House who are concerned about the issue. As he knows, it is not addressed in the Bill, but it is certainly a matter of concern that he has raised with the Minister for Immigration, Citizenship and Nationality and me. Our policy remains as set out in the document—there should not be oral appeals, but we acknowledge that the process gives rise to a good deal of concern among many colleagues, so we are ready to continue discussing it with an open mind to see how we can make progress.

Mr. David Winnick (Walsall, North) (Lab): Will my right hon. Friend bear in mind the fact that appeals are rarely successful if heard on the basis of papers? The oral appeal allows the sponsor to state the appellant's case through a representative while the Home Office puts the case of the entry clearance officer. Removing that appeal would undermine people's ability to visit close relatives. I hope that my right hon. Friend will not do what the Tories did and undermine the appeals system.

Mr. Clarke: First, I confirm what I said a moment ago—we are ready to discuss the situation and listen to the points made by my hon. Friend and others. Secondly, in my opinion the solution to the problem lies in achieving better and more effective decision making at the initial level in the process.

A number of complaints have been made to me by hon. Friends and others that our decision taking is not as accurate as it needs to be and does not take full account of all factors. It is important that we get a better level of co-operation than we have been able to achieve between the communities that we are discussing and the Home Office. All that is part of the same approach. I say again that our minds are not closed on the matter that my hon. Friend raises, although I am sceptical about some of the points made in that regard.

Patrick Hall (Bedford) (Lab): May I elaborate on the disquiet that I and others feel about the proposed withdrawal of appeal rights for overseas students and migrant workers, which could have a negative effect on the British economy? With regard to family visits, there is a need for great sensitivity towards different cultural groups in their understanding of the role of core family members. Will my right hon. Friend reinforce his determination to listen to these points and re-examine the matter in Committee?

Mr. Clarke: As I said a moment ago, I shall deal with that point in a moment.

Mr. Sadiq Khan (Tooting) (Lab): Does my right hon. Friend agree that not only is there a problem with the quality of some of the decisions taken by entry clearance officers, but that some of the problems stem from the subjective tests applied? We need to ensure transparency and accountability in the decision making.

Mr. Clarke: My hon. Friend puts his point clearly. One of the problems with the whole system has been a lack of transparency and clarity, both for the country as a whole and for the individuals who go through the system. It is important to establish a much clearer system. That is one of the reasons for the points system that we propose for people who come to the UK to work and to study, which will attempt to be much clearer, in the way that my hon. Friend described, for people who are thinking of coming to the country so that they can

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be better dealt with. My hon. Friend is right about the importance of a clear, transparent system. That is the thrust of the five-year strategy.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The Prime Minister has stated that he wants the number of failed asylum seekers deported to match the number of people coming in, yet in the first quarter of this year the number of new applications is still running at double that. Does the Home Secretary consider that target unrealistic?

Mr. Clarke: No, I think that it is entirely attainable. It is based first, on reducing the number of people seeking asylum in Britain, and secondly, on increasing the number of people who are returned to their country of origin. I shall give one clear example. We have stated clearly to our colleagues in the rest of the European Union that we believe that it is important that the EU as a whole gets a return agreement during our presidency—that is, before the end of December this year—with Russia, Ukraine and Morocco. Those are not mainstream problem countries from our point of view, but they are significant nevertheless. There is a series of such moves that we are seeking to develop and I believe we will achieve the target that we have set.

Mr. Piara S. Khabra (Ealing, Southall) (Lab): Is my right hon. Friend aware that entry clearance officers enjoy enormous powers of decision making and, to my knowledge, are not subject to any scrutiny by the Home Office? Will he reconsider the system of giving too much power to entry clearance officers, which cannot be challenged other than in an appeal in a court of law?

Mr. Clarke: I understand what my hon. Friend is saying. It is true that the decisions taken are important for the people concerned. I do not accept, however, that there is no scrutiny by the Home Office more generally on the matter. In fact, there is a great deal of scrutiny of the way in which the process operates. As a result of that scrutiny we published the five-year approach that we set out last February, precisely to try and improve the quality of the work that is done. The new asylum process that we are setting out in the document and that some aspects of the Bill seek to take forward is designed to improve the quality of the work. I know, and my hon. Friend knows, that there are many cases where we have not done as well as we should, but our approach must be to improve, and that is what the Bill is about.

Mr. Mike Weir (Angus) (SNP) *rose—*

Mr. Clarke: I shall make some more progress, and then I may give way again.

On the first of the four work streams—the rules for permanent settlement and appeals—clauses 1 to 3 and 9 are concerned with appeal arrangements for people in the UK who are refused further leave or whose leave is varied. The clauses replace the current system with a single appeal at the removal stage, which would deal with all aspects of the case. An exception is made for people who have previously been recognised as refugees in the UK but who we judge no longer need our protection because their circumstances or the position in their country of origin has changed. The provisions ensure that someone who was a refugee can appeal against a decision that he or she is no longer a refugee before we move to take removal action.

Clauses 4 and 5 abolish appeals for work and study routes for those refused entry clearance overseas and those refused entry at a UK port or airport. That policy was set out clearly in the five-year strategy and was a manifesto commitment. However, I entirely understand the points made by my hon. Friends the Members for Coventry, South (Mr. Cunningham) and for Bedford (Patrick Hall). Major concerns have been expressed about student visas—more so than work visas—and we have to take those very seriously. My proposition is that appeal rights should be focused on asylum and family cases that raise fundamental issues. As I said, the introduction of the single points-based scheme will ensure that the rules for entering the UK to work or as a student are as clear, simple and transparent as they need to be.

Since I became Home Secretary—coming, as some Members may recall, from the Department for Education and Skills—I have been acutely aware of universities' concerns about these matters, which I have discussed with them in a variety of ways. The changes that we have made will ensure a much more direct dialogue with the universities about the visa system that operates. Universities justifiably complained that we had an inflexible system in which it was very difficult for them to have any impact on the operation of the visa system as regards renewals and a whole series of issues that needed to be sorted out. We are trying to make progress in those areas. Their two fundamental concerns relate to the cost of visas and the question of appeals. It is important to bear in mind that, given that universities are bringing £3 billion a year in business into this country, it is not unreasonable for us to make a charge that meets the costs as they go through. The number of people on appeal is a very small proportion of the overall student body, but it makes the whole process for all students far slower and less effective than it would otherwise be.

I therefore defend our proposals. Colleagues may want to make further points in Committee, but we have the right approach and that is how I intend to deal with the matter.

Patrick Hall: With regard to overseas students, I have come across cases in my constituency where entry clearance officers have directly gainsaid the judgment of a university offering a course. That is not right.

Mr. Clarke: Serious issues have arisen in the university sector—or I should say more generally the overall education sector—regarding essentially bogus institutions that are a device for people to come into the country pretending to be students. Together with the Department for Education and Skills, we have taken strong steps to deal with that. I remain of the view that the way in which to deal with my hon. Friend's genuine concerns is to have a proper dialogue between the university sector and the Home Office about how to ensure that the visa system works in the most effective way.

Mr. Jim Cunningham: As my right hon. Friend knows, I have two universities in my constituency, but I am still unclear about his comments on the abolition of the appeals mechanism if a university has only a small number of students. I do not understand how that affects other conditions and arrangements that he wants to make with universities.

Mr. Clarke: I am sorry that I was unclear. The reason for the proposals in the five-year strategy is that the appeal process is massively time consuming and expensive for the visa operational system. We want to make it as simple and straightforward as possible. We therefore included the points plan, which will make it easier for people to know—before they come to a university in Coventry or elsewhere—exactly where they stand. I believe that the proposals will lead to a far better service for the individual students at the universities that my hon. Friend represents and for universities to enable them to move more effectively.

I plead guilty to the charge that the system for universities was too inflexible. It is necessary to achieve a better state of affairs, whereby my hon. Friend's concerns can be sorted out. However, I do not believe that the appeals system is central to that.

Dr. Vincent Cable (Twickenham) (LD): Will the Home Secretary explain the high error rate on student visa decisions? It is such that the Immigration Advisory Service claims that 60 per cent. of its cases are successful on appeal. The university of Sheffield argues that, in 90 per cent. of the cases that it brought, they were either successful or the refusal was withdrawn. Since the errors are so enormous, surely the appeals system should be preserved.

Mr. Clarke: I do not recognise the figures that the hon. Gentleman cites. However, the most important way of addressing the appeals problem is to get a more accurate system of making initial decisions. The overall process that we have set out will achieve that in the ways that I have described.

Mr. Khan: My understanding is that one reason for the success of appeals in student cases is that additional information is provided on appeal, which leads to the initial decision being overturned. However, the universities have expressed a concern about whether, if the same person decides on the prospective student's fresh application, there will be prejudice against that student given the black mark against his or her name.

Mr. Clarke: I do not believe that such prejudice will exist, but the working party, to which I referred earlier, to establish the discussion between universities and the Home Office on those matters will deal with those specific points. Let me add another serious point, which relates to my hon. Friend's remarks. It is important that people who want to study here apply to come here in a timely way. There are tricky issues about late applications and the way in which they are tackled that relate to his point about information. I hope that we can reach a state of affairs whereby those decisions are taken properly.

David Davis (Haltemprice and Howden) (Con): I understand what the Home Secretary is trying to achieve. Bogus colleges became a specific problem in the past couple of years. In the past year or so, the National Audit Office conducted a study of entry clearance and raised the question of the quality of decisions. Although Conservative Members are minded to accept the Home Secretary's arguments on appeals, the decision hinges strongly on improvement in quality. Will the right hon. Gentleman therefore undertake to take on board the proposals in the NAO report on the subject and inform an early sitting of the Standing Committee so that it can reach a judgment on the matter?

Mr. Clarke: I give the undertakings for which the right hon. Gentleman asks to take the NAO proposals into account and to inform the Committee. However, I can go further: because of the importance of his point, which I tried to make earlier, I am prepared to say that if we do not improve the quality of decisions, the matter should be brought before the House to ascertain how we move forward.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I emphasise the universities' concerns about the money that is brought in. However, from the perspective of the Select Committee on Trade and Industry, universities play a vital role in the long-term future economic well-being of this country by bringing people here and exposing them to our culture and our way of doing business. That pays long-term dividends when those people go back to be managers and decision makers in their countries. It is therefore vital that we have a system that ensures that as many people as possible get here as overseas students. To that end, when the Home Secretary says that he wants to make the system more transparent, efficient and effective, surely he can maintain the appeals procedure. If it is more transparent, effective and efficient, there will be fewer appeals.

Mr. Clarke: I do not want to be dismissive or rude, but the general point is self-evident. It is critical for the economy that large numbers of people continue to want to study in this country in a variety of ways. It is important for the foreign policy reasons that the hon. Gentleman suggests as well as for economic reasons. Most importantly, however, British educational institutions, particularly the universities, must remain an attractive proposition—in what is, incidentally, a highly competitive marketplace—for people seeking to come to this country. Furthermore, so far as the Home Office is concerned, it is important that we deal with the applications of people coming to this country in the most effective and efficient way possible, which is what we are doing in these provisions.

Mr. Chris Mullin (Sunderland, South) (Lab): Is it not the case that a significant number of the students from other countries who are accepted by British universities do not show up, and that others who do show up disappear rather quickly afterwards? Has it not also been the case, at least in the recent past, that some universities are in denial about this problem?

Mr. Clarke: I would not be anything like as vicious and sharp in my use of language as my hon. Friend, but

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he accurately describes the state of affairs. The big issue involves a change of culture that runs right through the whole five-year strategy. We need to understand that responsibility for the migration and asylum system in this country is a matter not only for the Home Office and its agencies but for those who benefit from that migration. We are trying to form a partnership with the universities so that everyone can acknowledge their responsibilities in regard to dealing with the problem. I accept my hon. Friend's point, and I have set out what we are trying to achieve.

Keith Vaz: Will my right hon. Friend give way?

Mr. Clarke: My hon. Friend is always immensely persuasive, so, unfortunately, I shall give way.

Keith Vaz: I am most grateful to the Home Secretary for his generosity. I thought that he said something very useful this afternoon—*[Laughter.]* Actually, he said many useful things, but one in particular was his expression of willingness to meet representatives of the universities. Will he meet a delegation of university vice-chancellors to talk about the partnership that could be created to deal with the issue of abuse? Will he ensure that either the Minister with responsibility for entry clearance or the Foreign Secretary are also present at that meeting, because these decisions are taken at posts abroad?

Mr. Clarke: Yes, I can give my hon. Friend the commitment that he requests. Actually, a number of such meetings have been held already, between universities and officials and Ministers from the Home Office, and Foreign Office Ministers. This is an important dialogue, because these matters involve a change of culture. We shall have to work hard to change the Home Office culture, but everyone else will have to change as well.

Now I really must make some progress. On the first pillar, clauses 42 to 44 provide a power to prescribe procedures to be followed and fees to be paid when making particular applications under the immigration rules. The purpose of that is that, in addition to improving the management of the current system, these provisions will support the implementation of the new points-based system for managed migration. On the new asylum process and refugee integration, clause 38 amends the statutory framework creating the refugee integration loan to reflect the change in policy announced in the five-year strategy granting refugees an initial five years' leave to remain.

The body of the Bill addresses two aspects of what I have described as the "third workstream". A key provision in the Bill will effectively tackle illegal working by punishing those who use workers who are not legally allowed to seek paid employment in the UK. Clauses 11 to 20 create a new civil penalty for employers of illegal workers and set out how the scheme will work. In particular, clauses 11 and 12 set out the circumstances in which a penalty may be issued to an employer found to be using illegal workers, the requirements that employers must fulfil to be able to prove that they have taken reasonable steps to assure themselves that employees or prospective employees are entitled to work in the UK, and the grounds on which an employer can object to the issue of a civil penalty.

Clause 15 requires a code of practice to be issued covering the criteria to be used in determining whether a penalty should be issued, and the amount. The maximum amount to be paid per employee would be £2,000. Clause 17 creates a new criminal offence of employing a person knowing that they are not legally entitled to work in the UK. It provides that the maximum penalty for conviction following indictment is two years' imprisonment and/or a fine. It is critically important that we drive out those illegal employers who keep people here, often in the most appalling conditions, and we must ensure that we deal with them in the most effective way. These measures are designed to achieve just that.

David Davis: Members on both sides of the House will agree with the Home Secretary's last comment about dealing with "illegal employers", if that is the right phrase. I am concerned, however, about how replacing a criminal instrument with a maximum fine of £5,000, which is not currently used—I think that the maximum fine given so far is £2,050, with a civil fine of £2,000—will help. One of the problems in this area seems to be that the current law is not applied in its full force.

Mr. Clarke: Certainly, I am happy to address that point in Committee. The thinking behind the proposal, however, is that we have had great success through applying precisely that kind of measure to carriers of illegal migrants, as it forces them to think carefully about how they operate. Were the right hon. Gentleman to argue that we do not need that because the criminal measure is more effective, of course I would listen. But the measures that we have introduced so far, for other such abuses, have been the most effective response.

The Bill makes several amendments to existing legislation to facilitate the enforcement and transparency of the immigration and asylum systems and to build the e-borders framework that I described. Clause 23 brings together the provisions on detention and examination of passports and other documents that might be produced by a passenger, and provides the same conditions to govern detention and examination for all documents. It allows immigration officers to require passengers who present biometrically-enabled travel documents to provide biometric information such as fingerprints, to allow their identity to be checked against the documents. That is necessary to support the global roll-out of fingerprinting visa applicants by 2008.

Clause 24 reduces the notice period given to asylum seekers and their families who cannot be fingerprinted on application, which supports the new asylum model by ensuring that claims are considered more swiftly. Clauses 26 to 34 are necessary to enable the capture of passenger, crew and freight details in advance of travel. That will assist border agencies, such as the immigration service, police service and Her Majesty's Revenue and Customs, to detect known specific targets or to identify individuals whose travel behaviour indicates that they might be of interest to one or more of the border agencies. Capturing data in advance also maximises the time available to determine and deploy the most appropriate intervention action—a key component of

the type of proactive, intelligence-led operation that we are trying to address. The sharing of data is essential to provide a joined-up approach to border management. It optimises the potential to identify those individuals who present a threat to the UK through their involvement in activities such as terrorism, drug smuggling and illegal migration. It also enables the border agencies to mount an appropriate, co-ordinated and proportionate response.

Clauses 26 to 28 and 30 provide for the immigration service, the police and Revenue and Customs to acquire that kind of data, too. The detail of what might be requested will be set out in secondary legislation. Clauses 31, 32 and 34 cover whom the information must or may be shared with, and the purposes for which the information may be shared, and introduce a new statutory duty of co-operation providing for information obtained or held by the border agencies in the course of their functions to be properly shared.

On detention removals, clause 39 puts Her Majesty's inspector of prisons' voluntary oversight of short-term holding facilities and escorts on to a statutory footing, and brings it into line with the oversight exercise in respect of immigration removal centres. Clause 40 provides that where a person has breached the conditions of limited leave, or has obtained leave to remain by deception, leave is invalidated when he is served with a decision to remove him from the United Kingdom.

Mr. Neil Gerrard (Walthamstow) (Lab): The provisions to extend the competence of the prisons inspector are welcomed. Will my right hon. Friend confirm that all detention facilities in the United Kingdom in which asylum seekers or failed asylum seekers might be held will be covered, as we are concerned not just about failed asylum seekers but about those in facilities such as Oakington whose asylum claims have not yet been determined?

Mr. Clarke: Certainly, that is the intention. Alerted by my hon. Friend's question, I shall double-check that the wording of the Bill meets his point, but I think that it permits us to deal with the issue in precisely the way that he describes. The reason for that is simple. Because of the concerns that are expressed, it is important for an independent inspectorate to examine conditions across the range of facilities.

I believe that the Government have already made great strides in improving the asylum and migration systems. We have reduced the number of asylum applications. We have speeded up processing, and strengthened our controls across the channel. We have introduced measures to combat abuse, and especially to deal with bogus college and marriage applications. Removals remain very difficult, often for reasons outside our direct control. The vast majority of failed asylum seekers have no documents, and their countries will not accept them back unless we can prove their nationalities, but we are reaching more and more agreements with source countries to deal with that, and even small numbers of removals to those countries can have a dramatic effect on new abusive applications.

Lynne Jones (Birmingham, Selly Oak) (Lab): Clause 37 deals with the provision of accommodation under section 4 of the Immigration and Asylum Act 1999. Having made the welcome decision to abolish vouchers for asylum seekers on the grounds of their lack of flexibility and vulnerability to black market activities, the Government now seem to be introducing them again for failed asylum seekers who cannot be returned home. For various reasons, people from Iraq or Congo may not be able to travel back safely, or it may be unsafe for them to return. Since April, such individuals have been refused cash and given £35 food vouchers. How can that help people who are required to travel to the obligatory reporting centres? How are families with children to purchase nappies? How are women to purchase sanitary items? Will my right hon. Friend do something about it?

Mr. Clarke: I am certainly prepared to consider the point in Committee, but I do not accept my hon. Friend's description of the impact of clause 37.

Edward Miliband (Doncaster, North) (Lab): Will my right hon. Friend give way?

Mr. Clarke: No. I am about to finish my speech.

The challenge now is for us to build on those successes, and to create a robust system that delivers the migration that we need and want and does not tolerate abuse. We intend to demonstrate publicly and clearly that that can be done. I believe that the five-year strategy and the Bill that implements its legislative aspects provide the necessary basis, and I commend the Bill to the House.

5.7 pm

David Davis (Haltemprice and Howden) (Con): Let me make it clear at the outset that the official Opposition support the main thrust of the Bill, which is the fourth immigration Bill that the Government have presented. I had hoped to be able to go further. I had hoped to be able to welcome the long overdue introduction of a new points system for immigrants—something that we have advocated for some time—but there is not much sign of that in the Bill. If I understood the Home Secretary correctly, the Government plan to introduce such a system through secondary legislation, or perhaps through later primary legislation.

Mr. Charles Clarke: It will depend on administrative changes and also changes in the immigration rules, which involve secondary legislation.

David Davis: As I thought, it will be done through secondary legislation. I believe that the operation of the immigration strategy will depend greatly on the detail of that legislation.

I had also hoped to be able to welcome long overdue measures to strengthen security at borders, following the hastily added sixth manifesto pledge promising to keep Britain's borders protected. Notwithstanding the Home Secretary's comments, there is little in the Bill to meet that promise. Even after it comes into force, two thirds of Britain's ports will lack the 24-hour security that would genuinely help us to keep track of the number of people coming into our country.

The Home Secretary spoke at length about his five-year strategy. I had hoped that the Government had learnt the lessons of recent years, and decided to be open

[David Davis]

and honest with the people on this important subject. Yet last week, the Government finally confirmed what had been rumoured, and denied by them, for so long: that there may be as many as 570,000 illegal immigrants living in Britain today. We still do not know whether that figure includes dependants. What we do know is that it includes only those who registered in the 2001 census—not necessarily a very likely activity for someone trying to avoid the law. So in all probability, the 570,000 figure is an underestimate.

But what makes this revelation more damaging is the Government apparently misleading the public about the extent of the problem in the run-up to the general election. Just three months ago, in the throes of the election campaign, the Prime Minister said that it was "impossible" to know how many people might be living illegally in the country. He added,

"I don't think there's any point in speculating".

That was despite having commissioned an estimate of illegal immigrant numbers the previous year. In the same month—April of this year—and again during the throes of the election campaign, the Home Secretary backed up the Prime Minister. He said that

"There are no official estimates and any estimates would be highly speculative."

Dutifully, a former Immigration Minister said that the Government knew the 570,000 figure to be "grossly inaccurate". Now, his successor claims that the Government published it last year, which is clearly not true; in fact, the Government suppressed it in Professor Salt's document of last year. The Minister in question obviously was not paying attention to what his colleagues said in the middle of the election campaign.

At the very least, the Prime Minister, the Home Secretary and the former and current Immigration Ministers owe the British people an apology for misleading them when they had the chance to pass judgment at the ballot box. Not for the first time, this Government have some serious questions to answer about the way in which they respond to genuine public concern about asylum and immigration.

Mr. Gerrard: The right hon. Gentleman suggests that 570,000 people were here illegally, according to the 2001 census. Would he like to hazard a guess as to how many of them were here before 1997?

David Davis: I will leave hazarding a guess to the Home Secretary, if the hon. Gentleman does not mind. The simple truth is that we have been asking for these numbers for some time, and we are not the only ones: so have several public bodies. For a very long time, the Home Secretary, his predecessor and his predecessor's Ministers all denied that it was even possible to assess such numbers—and at a time when the Prime Minister had actually summoned those numbers from the Home Office. So the hon. Gentleman has not got much to go on in this regard.

Last year, this approach to policy and its public handling played a part in the resignation of two Home Office Ministers. By now, the Government should have learned the lessons of those events, but the latest revelations from the Home Office have a ring of déjà vu. It would be more than generous to the men concerned to accept that they genuinely had no idea about the true figure on the numerous occasions in the past that they had denied it. But ignorance of such an important fact should be no defence; it merely confirms people's suspicions that this Government have let the immigration and asylum system run out of control, and are clueless as to how to put it right. *[Interruption.]* The Minister for Immigration, Citizenship and Nationality says from a sedentary position, "Go read the documents." He should spend a little while reading last year's newspapers, which would tell him a bit about this issue.

Time and again, the Government's left hand has not known what their right hand was doing. First, we had the chaos of the eastern European immigrants, who unveiled the breakdown in relations between the head office of the Home Office and the immigration and nationality directorate. A whistleblower revealed that immigrants from eastern Europe were being waved into Britain without proper checks. The then Immigration Minister first denied that it had happened—until it was proven to be true. Then, she blamed junior civil servants—until it turned out to be the work of senior officials, with ministerial acquiescence. Next, she said that such cases were rare and untypical—until they were shown to be widespread. Then, the whistleblower was sacked, but the Minister stayed.

Secondly, we had the scandal of the migrant scams in Romania and Bulgaria, which were brought to light by our consul in Bucharest. This incident revealed a complete lack of communication between the Home Office and the Foreign Office. Our consul warned the Government that groups in Romania and Bulgaria were making fraudulent claims, yet Home Office officials granted such people visas anyway, knowing their claims to be false. Again, the consul was sacked, the Minister stayed. The Minister was finally forced to go, but only because of the utter chaos and lack of communication in the Home Office itself. She claimed not to know of any of these scams; it turned out that she had been warned a year before by her own Home Office colleague. If ordinary people behaved like that in their daily jobs, they would be sacked straight away—and rightly so. Within this Government, however, there is no such sanction: if a Minister fails, cover it up; if that fails, blame someone else; only if that fails will a Minister give in and go. In the light of the Government's capacity for incompetence and irresponsibility, it is little wonder that people hold politicians in such low regard.

While we are talking about numbers, let us consider what the Government promised.

Keith Vaz *rose—*

David Davis: I will give way in a moment.

What did the Government promise about the number of immigrants from the new EU accession countries who could apply to live in Britain? They said that there would be between 5,000 and 13,000 such immigrants in a whole year, but there turned out to be 16,000 in one month—nearly 200,000 a year. What was the excuse when Ministers had to face the figures? Well, we were told, more than a third of them were living here already—

illegally. It is hard to find words to describe their incompetence. On the subject of incompetence, I give way to the hon. Member for Leicester, East (Keith Vaz).

Keith Vaz: I am most grateful to the shadow Home Secretary for giving way. Does he regret the hysteria that he generated at the time of the enlargement of the European Union on 1 May last year, when it was claimed that all these eastern European immigrants were going to come into this country to go on benefits and take everybody's jobs? In fact, what happened is that those people contributed to the British economy, they behaved perfectly lawfully and the registration scheme worked. Does he regret the hysteria that he personally stirred up on that issue?

David Davis: Once again we see the Government's favourite mechanism, which is to blame the messenger. Only this Government would think that telling the truth is whipping up hysteria and only this particular former Minister for Europe would think that telling the truth about the real number of migrants is whipping up hysteria—*[Interruption.]* The hon. Gentleman shouts from a sedentary position that we were wrong. The Government's estimate was that there would be 5,000 to 13,000 such people in a year. Does he deny that? I gladly give way for him to deny it.

Keith Vaz: Let me tell the right hon. Gentleman that he should take great care about playing with statistics on the subject of immigration. That just fuels prejudice in our society. He should be ashamed of himself.

David Davis: The hon. Gentleman did not answer. He would not tell us whether the figure was 5,000 to 13,000, yet even the Home Secretary at the time said that the 13,000 figure was not his estimate, but the Home Office's. That was an interesting distancing exercise. The raw truth is that more than 190,000 such people have come here in one year. If the hon. Gentleman cannot cope with the truth, that is his problem rather than anyone else's. The simple truth is that large numbers of immigrants have come into this country and the Government have to make a judgment in relation to their points scheme about how many should be coming here on various skill and income levels. How can they possibly make that judgment if they confuse themselves by mistaking 192,000 people for 5,000 people?

Keith Vaz: I thought that the Conservative party was in favour of the enlargement of the EU and in favour of allowing people from the 10 countries to come here. What is the problem with allowing members of the public from Poland, the Czech Republic and other new member states to come to this country to work lawfully and legally by registering under the scheme? What is the right hon. Gentleman's problem?

David Davis: Germany was in favour of enlargement, as were Denmark and Finland, but they all had intelligent transitional schemes that allowed them to manage the process. They took a sensible attitude towards the enlargement of the EU. The hon. Gentleman ought to know better, but this country did not and we have ended up having nearly 200,000 people come here. It was unplanned and we have yet to see whether it was a good or bad thing.

Every two years since the Government have been in office, we have had a big announcement followed by a failure. In 1997, the promise was a swift and fair asylum system. The reality is that it is not fair to anyone—not to genuine refugees, lumped in with the fraudsters and forced to plead their case; not to immigrants who spend their life savings paying people smugglers for the chance to come to Britain; and not to opposition party members of Zimbabwe who are caught up in this Government's public relations offensive and face torture or worse if they are sent back.

Again, in 1997, the Prime Minister promised to achieve firm control of immigration, but the reality is that annual net immigration into the UK tripled. Another promise was made in 1999—that we would have a fairer, faster and firmer asylum system. The reality was that, a few years later, the number of asylum applications in one year passed 100,000 for the first time in our history.

Two years on, in 2001, the promise was to remove more failed asylum seekers from Britain. The result was that a smaller proportion is removed now than was the case when this Government came to office.

In 2003, the Government promised to

"derail the gravy train of legal aid",

but the result is that the legal aid budget for asylum and immigration has soared by 682 per cent.—from £26 million to £204 million. This year—election year—the shortest lived announcement of all was made. While the Prime Minister was quickly adding his sixth election pledge and promising to get a grip on immigration, almost simultaneously the Home Secretary was telling a private meeting of Labour supporters:

"We want more migration, more people coming to study and to work. We want more people coming to look for refuge."

One statement or the other is true: both of them cannot be. We are locked in a two-year cycle of big announcements, bold promises and botched policies.

Patrick Hall: About 14 minutes ago, the right hon. Gentleman said that he supported the Bill—and therefore the Government, on this issue—but since then he has not mentioned it. He has been campaigning for something, although I cannot imagine what. Will he return to the subject of the debate and explain why he supports the Bill? If he has any improvements to propose, will he explain what they are?

David Davis: The hon. Gentleman forgets that this is a Second Reading debate. I said that I supported the Bill, but that it is too little, too late. The Opposition have been asking for some of the measures contained in the Bill, and for the other measures that would derive from it, for some time. However, the problem over and over again has been that this Government legislate and then nothing happens. Following a headline-grabbing initiative with inaction is not a very good policy premise. That is my point, and I shall go on making it throughout the debate.

I turn now to the consequences of uncontrolled immigration. I agree with the Home Secretary that controlled immigration has a proper and useful function. Managed migration contributes to our economy and culture, and to many aspects of British

[David Davis]

society, but uncontrolled immigration can have the opposite effect. That is the concern that I want to raise today.

The consequences of uncontrolled immigration for the everyday lives of ordinary people are there for all to see. Here in London, there are pressures on housing. That housing stress has led to the Government crippling the right to buy, with the result that many people can no longer afford to buy the houses that they live in.

Edward Miliband: Will the right hon. Gentleman give way?

David Davis: In a moment.

Across the country, vital local services are under increasing pressure as people find access to health care and schooling more difficult because more people are fighting over fewer places. The Government are very quick to remind us, when it suits them, that Britain is still at high risk from terrorism, but the public have little faith in the very system that is supposed to control who enters our country and who leaves it.

Mr. Charles Clarke: The right hon. Gentleman has raised many issues, but has not yet discussed the Bill. I have a direct question for him: does he intend to table an amendment to introduce an annual quota for immigration that would be set by this House? That was proposed by the Conservatives during the election campaign. Will he table such an amendment, if that is what he believes in?

David Davis: Certainly, if the Home Secretary invites me to and gives sufficient time in Committee. It is a very good idea, and I shall return to the matter of the quota in a moment. I shall also return to the question of how the points system that he proposes will work—if we ever see it.

Edward Miliband: Will the right hon. Gentleman give way?

David Davis: No.

Across Britain, taxpayers are footing the bill for the Government's failure. When they came to power, the budget for the immigration and nationality directorate was £212 million a year. It is now more than £1.7 billion. That money could pay for 80,000 extra nurses, 70,000 extra teachers, and 60,000 extra police. Ordinary people are literally paying the price for this Government's asylum failure.

I can understand why Ministers wanted to cover up the extent of the problem during the election campaign. However, I cannot understand why they let the problem get so bad in the first place. There has been no shortage of activity, but there has been a shortage of results. Six years ago, the House debated phase 1 of the Government's asylum policy—the Immigration and Asylum Act 1999. It abolished the so-called white list, and the number of applications shot up to more than 100,000 a year—the highest in Europe. So three years ago, phase 2 of the Government's policy reintroduced the white list. By that time, the UK was well on the way to receiving the second highest number of asylum applications in the world.

Last year, we passed what the then Home Secretary described as the final phase of asylum reform—the plan to bring speed and finality to the appeals and removals process. The result is that the number of removals has fallen in five of the last six quarters. If that was the final phase, this Bill appears to be an afterthought.

Edward Miliband: We all acknowledge the problems of housing, education and health that the right hon. Gentleman mentions, but it is a grotesque caricature to suggest that they are the result of asylum and immigration. The asylum budget consumes 0.3 per cent. of public expenditure. If the right hon. Gentleman wants to lead the major Opposition party in this House, he must put his claims in context.

David Davis: Given the hon. Gentleman's background, I am interested to hear that he thinks that £2 billion is not much, but with a billion here and a billion there one is soon talking about real money.

The Government and their supporters say that they take the issue seriously and are very concerned about it. But then what happens? To give one example, London is a housing stress area. Some 60 per cent. of immigrants and asylum seekers coming to this country come to London, so several hundred thousand people add to the housing demand in the city. I do not pretend that it is an easy problem to solve, but the Government do not even recognise the problem. That is the problem that we face, and we have to make them think about it.

The Secretary of State wanted me to talk about the Bill, so I shall do so. It promises new sanctions against people employing illegal immigrants. We welcome that. The exploitation that has developed in some sectors of our economy in recent years is a disgrace to a civilised society. We would all agree with that. However, sanctions are already available: they just have not been used. There have been only 24 prosecutions in the past seven years under the legislation introduced in 1996, just before the Government came into power. And that is against the backdrop of a group of Chinese dying in the back of a van in Dover and the deaths in Morecambe bay. That is a disgrace. There is no other word for it. I asked the Home Secretary—deliberately, because I want to be helpful on this point—whether he thought that more legislation would help, and he said that it was like the legislation that had been used before. The simple question is why the Government have not used that other legislation. That is what Governments are responsible for and what they are there to do.

The Bill promises new powers to track people entering the country, but it does nothing to address the fact that, as I said earlier, 11 out of 35 British ports are manned with security or immigration officials 24 hours a day and the others are not. The Bill contains provisions to allow immigration officers to verify someone's identity, using the Government's new favourite thing—biometrics. But as we saw in the ID cards debate, that technology is far from foolproof and remains open to fraud. It is a partial solution, not a panacea. The Bill also contains proposals to change the right of appeal. As I said to the Home Secretary, we shall look at those proposals in detail to

check that they strike the right balance between an individual's rights and the needs of effective administration. We will look carefully at how effective the initial decisions procedure is in making that judgment, and I hope that the Home Secretary will meet his undertaking to take on board the National Audit Office proposals.

The Bill is significant not for what it contains but for what it does not contain. At the election, the Opposition set out a clear plan for controlling the number of people coming into Britain and as usual the Government began by ridiculing it, then they attacked it and then they adopted it.

Edward Miliband: Will the right hon. Gentleman give way?

David Davis: No, not at the moment.

Now, the Government have watered down our plan. We said that we would adopt a points-based system for immigration, as they do in Australia. That is the biggest single thing that the Government could do to get a grip on the immigration system, while giving priority to people with the skills that Britain needs. We also promised to let Parliament put a limit on the number of people coming to the UK each year. That would ensure that we balanced the needs of Britain—*[Interruption.]* If the hon. Member for Doncaster, North (Edward Miliband) carries on shouting from a sedentary position, I shall not give way to him—he can make up his mind.

Our system would ensure that we balanced the needs of Britain's economy with the needs of the population as a whole. The Government agree with the first, but not with the second; they want the points, but not the limit. A points system with no limit is futile. How will it work? If someone gets 100 points, will they be allowed in? If someone gets 90 points, will they be allowed in? If someone gets 60, 50 or 30 points, will they be allowed in? Where does it end? If there is a cut-off point there is a de facto limit. If not, there is no point to the system.

Mark Fisher (Stoke-on-Trent, Central) (Lab): The shadow Home Secretary is making an interesting point, but he cannot have it both ways. He cannot say that we should have a quota and not put a figure on it. What is his limit? What does he consider to be the correct figure?

David Davis: The whole point is that Parliament would make that decision each year on the basis of a number of things, just as Australia does. The decision would be based on information about skills shortages and pressures on housing or public services. Without such information a decision cannot be made. It is perfectly possible for the Government to come up with a proposal—it would be easy—but it depends on information. Facts first, decision second.

Edward Miliband *rose—*

Mark Fisher *rose—*

David Davis: I will give way to the hon. Member for Stoke-on-Trent, Central (Mark Fisher) once more.

Mark Fisher: The shadow Home Secretary makes a perfectly fair point but all those factors are in the public domain; they are known to him, as they are to the press and to the Home Secretary, at least in ball-park figures. The right hon. Gentleman is in a position to say what he thinks the limit should be when all the factors that he correctly enumerates are taken into account. What sort of figure is he talking about?

David Davis: I am afraid that the facts are not in the public domain. In Australia, there are regular consultations between the national and provincial Governments on such information—where there are skills shortages and pressures on housing and public services. I do not know about such matters. We need to know about them not just for the present but for the year ahead. It is a perfectly practical, sensible and easy thing to understand, but the data are not available and I do not intend to make guesses about information that is not available.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Will the right hon. Gentleman give way?

Edward Miliband *rose—*

David Davis: As the hon. Member for Doncaster, North has been getting so excited, I will give way to him—*[Interruption.]*—he does not have to bow; it is not a requirement of the House.

Edward Miliband: I was not actually bowing to the right hon. Gentleman but to you, Mr. Deputy Speaker.

I take what the right hon. Member for Haltemprice and Howden (David Davis) says about a limit, but I disagree with him about imposing an annual limit and I shall briefly tell him why. Setting an annual limit is a dirigiste system where the state decides on the number of people to be let in each year. What the Government are proposing is a system led by employers, which is flexible and can respond to the needs they identify. That is why he is wrong to try to set an annual limit.

David Davis: If the hon. Gentleman's economics is up to it, he will recognise that employers do not meet all the costs of the pressures on housing, public services and so on, so their decisions might not necessarily be right for society as a whole. That is why the Government occasionally have to impose restraints. I am sorry to give him lectures on how immigration policy is supposed to work in theory, but he asked for it.

Mr. Bailey: Will the right hon. Gentleman give way?

David Davis: No, I must make some progress.

What is the point of the system if there is no limit? Once again, the Government's policy seems half-baked. I hope that the Home Secretary, or the Minister when he winds up the debate, will tell us when the points system will be brought in, whether we shall have a chance to debate in full how it should work and how many points he thinks someone should have before being allowed into Britain, and how that will work. We need to know whether there will be a cut-off, and therefore a de facto limit. It must not be another example of the Government promising one thing before an election but doing something else after it. The Government were

[David Davis]

elected on a manifesto that promised to introduce the scheme. I hope that they will go ahead with it quickly, but I also urge the Home Secretary to think seriously about how they will limit the number of people coming into Britain—or is he simply going to recognise that there will be no limit, and will he tell the British people so if that is the case?

We cannot continue to have an open-ended immigration policy, driven by the need to prop up key areas of our economy—by stripping other countries, incidentally, of people with important skills. At the end of the day we must focus on improving our own skills base so that we no longer have to rely on the immigration lottery. A responsible Government would put a limit on immigration. The consequences of an uncontrolled, unlimited immigration system are potentially too great. It is the glaring hole in the middle of the Bill and it is the glaring hole at the heart of the Government's five-year strategy.

Over the past two weeks we have witnessed the Government trying to meet the debts that they ran up during the election campaign. First we had the unnecessary plan to limit freedom of speech by criminalising people who question religious belief—a debt that they promised to Labour voters in marginal seats. Then we had their illiberal Identity Cards Bill, to change for ever the balance of the relationship between the citizen and the state—a price they paid for playing political games before the election. Today we have a Bill that genuinely addresses an issue of serious public concern, yet it contains very little that will repay the faith that the people placed in the Government on 5 May. On that day, the people gave the Government one last chance. They believed that they would take their concerns seriously. They believed what they said about getting the system under control. They trusted them to get the job done. For that to happen, we need a sea change in the way that the Government approach the issue. We must break the two-year cycle of announcement, headline and failure; break the complacent approach of a Home Office characterised by chaotic management and administrative failure; and break the web of distortions and half-truths that seems to surround this important issue. If, over the coming years, the Government prove capable of doing that and taking the tough decisions necessary, they will have our support. If not, the debt that they owe the British public will be called in. Then no amount of spin and cover-up will be able to hide the truth that they have failed in a basic duty of any Government—that of securing our borders, protecting our communities and keeping our country safe.

5.37 pm

Mark Fisher (Stoke-on-Trent, Central) (Lab): The Government have introduced several Bills on immigration and asylum since 1999. This Bill has several aspects that are very welcome, notably measures to control the unscrupulous and thoroughly irresponsible employers who have exploited immigrant workers. I welcome those aspects of the Bill and commend the Home Secretary for them.

I want today to address the asylum aspects of the Bill, not in the terms that the right hon. Member for Haltemprice and Howden (David Davis) has just referred to, but looked at from the point of view of fulfilling our international obligations, which I think he recognises are serious.

Each of the Bills the Government have introduced since 1999 has in various ways curtailed the rights and protections of those who turn to Britain for asylum because their life and liberties are threatened in their own country. Ministers, including this Home Secretary, are committed to our living up to our international obligations and I recognise and believe that they are honourable in those commitments. However, too many aspects of the policy as displayed by those immigration Bills have been driven not by a sense of responsibility to our international obligations but by what the Government see, I think wrongly, as the British public's impatience with those seeking asylum, and too much by the popular press. The policy is rightly hostile to those who apply for asylum when what they actually want is to come to this country as economic migrants and who mislead and abuse the asylum system, but it is also hostile to genuine refugees or those who are seeking asylum because of the horror that they face at home.

David Davis: The hon. Gentleman knows that I am a great admirer of him and his parliamentary performances. May I put a difficult question to him? One of the things that concerns me about the way our asylum system works is not just the numbers, but who actually ends up claiming asylum in Britain. About 60 per cent. of the people who claim asylum are young men—a disproportionate number—and the indications are that the filter applied is whether people can find $10,000 to pay the Chinese people traffickers to get to this country. Does he accept that the way we operate at the moment seems to encourage people traffickers and not to get the right people to come here?

Mark Fisher: The right hon. Gentleman is right to say that that is a problem, but I do not see anything in the Government's policy that encourages such things—far from it. He cannot seriously say that Ministers are sympathetic to or encourage that sort of behaviour. Indeed, the Government have taken good steps in many respects to crack down on that problem, although he has a fair point when he says that we still do not have proper 24-hour controls at even the major ports of entry, and the Government ought to look much more rigorously at that issue.

The expression "illegal asylum seeker" is meaningless. No asylum seeker is illegal, but it is difficult to distinguish the misleading and erroneous asylum seeker, who should be properly described as an economic migrant—a perfectly respectable thing to be, but distinct from an asylum seeker—from those who are genuinely in fear of their lives. It is not easy to distinguish between the two. The only way that we can do so is by using the tribunal and adjudication system and, again, the Bills that we have introduced over the past four years—and, indeed, this Bill—turn the ratchet on that system, particularly on the appeals mechanism, and make it more likely that we will err on the side of scepticism. Thus people with good claims and good reason to be in fear of their lives and their liberty in their country of origin are being turned away. I do not think that that is what the Government intend, but that is the effect of

those four Bills, and this Bill may inadvertently add to that because the context in which the adjudicators work is hostile to asylum seekers.

Let us consider the context in which we are debating the Bill and the financial support that we give to asylum seekers. We recognise that, until we have adjudicated on their cases, they are serious and genuinely in fear of their lives. Can we honestly say that providing £37 a week is the right way to treat a human being? Is that dignified? Is it right to ask them to live on that amount while we make up our minds?

Greg Mulholland (Leeds, North-West) (LD): Let me share with the House a case from my constituency. One of my constituents is married to a British woman while still claiming asylum. She runs a takeaway business, which is, of course, their livelihood. They choose to claim nothing in benefits. Yet, under the current system, if he steps into that takeaway, which is owned by his wife, he can be deported. Does the hon. Gentleman think that that is a fair and just way to treat refugees in this country; or does he think it is time the Government changed the legislation and addressed the biggest gap in the Bill, which is that asylum seekers are not allowed to have the dignity of working in this country?

Mark Fisher: The hon. Gentleman makes an interesting point. The attitude towards employment is wholly unsatisfactory and makes the system much more expensive. Many people seeking asylum have skills and would like to work temporarily. That would reduce the cost to the Government and, perversely, it would mean that the Government could track those people more easily. Nothing is more conducive to losing an asylum seeker in the system than forcing them into illegal work by proposing the ludicrous payment of £37 a week. No Member of the House could support themselves on £37 a week.

Additionally, we must consider the quality of housing supplied by the National Asylum Support Service. If the Home Secretary is serious about his responsibilities, he should get NASS to look again at the landlords used and the quality of housing provided. Yet again this winter we will see NASS houses that are damp, cold and frankly a disgrace. We turn our eyes from that because of the larger issue of the number of asylum seekers, but we should be ashamed of the way in which we treat people while we make up our minds. They have not been found guilty—they are not guilty of anything, anyway. They have come to ask for our protection and to seek asylum here, but the way in which we treat them is not good.

The Home Secretary needs to lean heavily on NASS and ensure that the system improves considerably. Work is one aspect of the problem, so we should seriously examine the practice of countries that allow asylum seekers to work temporarily while their claims are considered. The Government might well find that there are advantages all round—and few disadvantages—to allowing that. Young men from Kurdish Iraq in particular are skilled, hard-working and determined and they have great resources, but they are sitting idle and frustrated while trying to survive on £37 a week. This daft policy does nothing for them or for us and actually encourages them to work illegally or disappear from the system. The hon. Member for Leeds, North-West (Greg Mulholland) is quite right to say that the Government should look at the situation again.

The other aspect of the Bill about which I am concerned is the question of the adjudication and the tribunal system because the Bill marginally turns the ratchet on that once again. The present system is hugely unsatisfactory. Those who act as adjudicators are, to my knowledge, decent and hard-working people doing a difficult job. However, they are being asked to make judgments about the credibility of the evidence put before them on matters about which they have absolutely no experience. They are asked to decide, on the basis of language, whether a person genuinely comes from a specific part of Somalia. I suspect that all hon. Members have read adjudicators' reports on applicants. The adjudicators simply make arbitrary decisions in many cases by saying, "I don't believe this person comes from this particular Somali tribe." Although the adjudicators have no basis on which to make such an assumption, the decision is a matter of life and death for the applicants.

The appeal system is now such a high hurdle to get over that it is inevitable that we are turning away people with genuine cause to fear for their lives. We need to look again at the advice available to adjudicators and the quality and specificity of Foreign Office reports because they are often general about the theatres from which refugees come. The judgments are made difficult because there are distinctions between different cities in different regions—and indeed, different parts of cities—and because of the divisions and tensions inside those cities. The way the system works at present is not fair to adjudicators and certainly not fair to refugees. Of course, adjudicators work under pressure from the media and, regrettably, the Government, but all the pressure is towards cutting the figures. The right hon. Member for Haltemprice and Howden played a part in setting the general mood of being appalled by the size of the figures. That has put such a pressure on the adjudicators and the system that there is a desire and tendency to keep the figures down.

David Davis: I have a single point to make in response to the hon. Gentleman's suggestion—I shall not call it an accusation. Last year, his Government tried to remove appeal rights altogether—the so-called ouster clause. My party, in conjunction with the Liberal party, blocked that in the Lords and said that we had to have an appeal process, not just because of the importance of the process in its own right, but because it maintained pressure on the rest of the system to get it right. The fact that there can be an appeal ensures that the adjudicators are, as it were, kept honest. That was not playing to any gallery or to the 250,000 failed asylum seekers who are still here. It was playing to the point of simple justice and simple proper treatment in a proper process.

Mark Fisher: Although I am getting comments from my hon. Friends, I accept that point. These are not easy matters and we do not help the quality of debate by flipping accusations across the Chamber. We are more likely to come to decisions that will benefit our country and, in particular, those seeking asylum if we do not throw about accusations relating to good faith or

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otherwise, either inside our parties or across the Floor of the House. A debate such as this does not respond well to party political point scoring.

The other mess relating to the tribunal and appeal system becomes apparent when people are finally refused—a point to which my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) alluded. When people are refused after appeal—as I said, the system is sometimes deeply flawed—they get a letter withdrawing their access to NASS and telling them that they will be evicted from their house the following week. They have no visible means of support. Clearly, the purpose behind that is to put pressure on them to deport themselves voluntarily. That is a disingenuous policy. The Government know full well that they are not going to deport them—or at least they are certainly not in a hurry to do so—because the countries from which they have come are not safe and they cannot send them back, yet they cut off their means of survival. That is an act of great cynicism. Those people are left dangling. It suits the Government because they can say, "We've rejected them. They ought to go," but they know full well that they have nowhere to go to.

My hon. Friend rightly referred to the problem of turning to vouchers and the unsatisfactory nature of that, but there is also, of course, the totally unsatisfactory nature of a situation in which those people no longer have any housing. All hon. Members who have asylum centres in their constituencies know that those people are too frightened to return to their own countries and, as they are not being deported by the Government, live in a terrible form of limbo. They have to rely on the charity and good will of their fellow asylum seekers, which means that they sleep three, four or five on the floor of a pretty rotten piece of NASS accommodation that is designed for one, and carve up that £37 a week into ever smaller bundles. That cannot be acceptable.

Lynne Jones: My hon. Friend is not quite correct. Since the provisions of section 4 of the Immigration and Asylum Act 1999 became more widely known, those failed asylum seekers are allocated accommodation under what is called "hard cases support." The Government's preference is that that should be on a full-board basis, but the numbers have grown by more than tenfold and of the more than 5,000 such individuals in accommodation, only 10 per cent. receive full board. The rest are given food vouchers and no other support. It is that situation that I raised with the Home Secretary, and I ask him to consider it urgently because such people are in dire need. They cannot even get the bus fare to travel to the reporting centres, which they are obliged to do on a regular basis.

Mark Fisher: I am sure that my hon. Friend is right officially, but that does not accord with my experience of surgeries for asylum seekers. People who are refused asylum are in despair because they have lost their access to NASS and their housing. They turn to what they see—perhaps erroneously—as their only method of support, which is each other. That is wholly unsatisfactory.

I fear that for all the good employment measures in the Bill, it will make the situation marginally worse. It may appear initially to appease some of those who wish that the problem would go away, that we did not face international obligations and that there was no pressure across the world to make people leave their homes in fear of their lives, but that wish fulfilment is not going to come about. The Bill may appeal to them, but it will not solve the problem.

I fear that the Bill and its predecessors will do nothing to enhance Britain's reputation across the world as a safe haven—the very thing for which those asylum seekers turn to this country. When someone's tribe or country has been in turmoil and their life threatened, people in the 20th century—in particular since the second world war—have rightly said that Britain is a safe place, with justice, decency and fairness, to which they can appeal and, if they make a good case, be looked after. Neither the Bill nor its predecessors contribute to that. We are in danger of losing that reputation.

Although the responsibilities are difficult and not popular with the British people—understandably so, in many ways—we have those responsibilities internationally. This is a reputation that we built up by the decent treatment of asylum seekers and refugees throughout the 20th century. Do not let us throw away that reputation and be seen in the eyes of the world as yet another country that wants to turn away and ignore the awful realities that exist around the world.

5.57 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): It is always a pleasure to follow the hon. Member for Stoke-on-Trent, Central (Mark Fisher). He speaks with intelligence and compassion. His speech was an excellent model of the reasoned and level approach that is needed in contributions on such a subject and I commend him for it.

Here we are again. It is another Tuesday and another Home Office Bill. It seems in this brave new Labour world that the legislative output of a Department is inversely proportionate to its effectiveness. Taken on that measure, I suspect that the Prime Minister's reported concerns at the weekend about the Home Office may have some foundation in fact.

The Bill is a mixed bag: a mix of the good, the bad and the indifferent. Some parts of it—the restriction on the right to appeal, for example—are plain wrongheaded and contradict other parts of Government policy, such as the encouragement of universities to recruit students from overseas. Other parts could be made to work with appropriate safeguards in place. They include the further rights of the Home Office and the police to demand information about passengers on ships and aircraft before they have reached the United Kingdom, and to share information between them and the Revenue and Customs. A few measures are broadly to be welcomed and we can support the Government on them—I think in particular of the measures to deal with those who employ people working illegally. However, they must not be targeted at the employees; their focus must be tackling the worst and most exploitative employers.

The right hon. Member for Haltemprice and Howden (David Davis) made an interesting speech, but I was surprised that initially he was so unambiguous in his

support for the Government. Having listened carefully to the whole speech, I am no better informed as to why the official Opposition have given their unambiguous support to the Government, but perhaps in the course of today's debate or in Committee that will become clearer.

As currently drafted, the Bill proposes to remove all rights of appeal against refusal to vary leave to remain except where previous leave was granted to a refugee. Such appeals could be argued only on the basis that someone was a refugee and that the United Kingdom's obligations under the UN convention on refugees had been breached, not on any other family, compassionate or human rights grounds. The Bill gives the Secretary of State absolute discretion to restore rights in circumstances to be specified by order—or not, as he sees fit. I am afraid that there is little in the current standard of decision making to justify that change. Even if the current decisions were all flawless, the removal of any check by the Asylum and Immigration Tribunal would lead to deteriorating decision making. The only fair method is to allow people to challenge adverse decisions before the AIT, failing which there will inevitably be increased resort to judicial review, along with the accompanying costs and hassle.

The Bill will remove rights of appeal against refusal of entry clearance abroad from everyone, except people who are applying to visit specified family members or who are applying as defendants of specified individuals. That means that students, workers, working holidaymakers and ministers of religion would not be able to appeal. I am afraid that I simply do not see the justification for that. Where are the abuses in those cases and what mischief are the Government seeking to cure? Fiona Lindsley, the independent monitor of entry clearance refusals without the right of appeal, said in her report of February 2005 that

"extrapolating from my file samples in 2002 and 2003 I calculate that 28,000 applicants have been wrongly denied rights of appeal in these two years".

That figure is quite appalling.

Patrick Hall: Does the hon. Gentleman agree that the priority should be to achieve high quality first decisions? Assuming that such decision making is achieved, it is essential that we retain the right of appeal to ensure that individuals making those decisions know that there is a system of scrutiny that does not involve resort to judicial review.

Mr. Carmichael: I agree and I shall come on to that point in a moment. The hon. Gentleman may find that he has more support for that proposal at a senior level in his own party than he realised. Essentially, however, I agree that in any judicial process—and this is a quasi-judicial process—the first decision will be better if it is thought that a higher authority may review it at a later stage.

Jenny Willott (Cardiff, Central) (LD): As my hon. Friend has said, the Bill removes the right of appeal from international students. Is he aware that Welsh universities are trying actively to increase their intake of international students, given the social and economic benefits that they generate? Given that two thirds of appeals by international students are overturned, does he not think it appalling that the Bill removes the right of appeal, making it harder for international students to come to the UK and thus creating injustices?

Mr. Carmichael: I was not aware of the position in Wales and I am grateful to my hon. Friend for bringing it to my attention. It is worth stating again that overseas students bring benefits to this country. They improve the diversity of further and higher education institutions and help us to establish contacts and build bridges to the future decision makers and opinion formers in countries—generally, developing nations—that are important to our future security. My hon. Friend therefore makes a fine point.

I have dwelt on those provisions because they are a good illustration of the difficulties caused by the Government's general approach in that policy area. A major consolidation Bill could have been introduced this year, and such a measure would have been timely. Instead, we have another Bill that chips away at appeal rights in an unco-ordinated and piecemeal way. We have not been given an explanation of why it is thought necessary, which demonstrates a lack of respect for people seeking to migrate, visit or study in the UK.

Keith Vaz: The hon. Gentleman is making a powerful case against the Bill and is arguing in favour of retaining the right of appeal. Can he therefore tell the House why the Liberal Democrat party is abstaining on Second Reading rather than voting against the Bill?

Mr. Carmichael: If those provisions constituted the entire Bill I could not countenance abstaining from voting. As I said at the beginning of my speech, the Bill is a mixed bag. Some provisions are downright wrong—including those with which I have dealt—some provisions could be improved in Committee, and others are good. It is probably not necessary to do so, but I remind the hon. Gentleman that on Second Reading we debate a Bill's broad principles. We are acting responsibly in allowing the Government the opportunity to atone for their sins and make proper amendment if possible. We are unlikely to vote against the Bill tonight, but that will not necessarily be the case later if significant improvements fail to materialise.

Clauses 4 and 5 will have an impact on overseas students. The proposal is not new—it was last tried in 1992, which may explain why the Conservative party is enthusiastic about it. The then shadow Home Secretary made some interesting comments on 2 November 1992:

"No justification has been advanced . . . other than this, which we heard again from the Secretary of State: the system is overloaded"—

I believe that that is what the present Home Secretary was saying today. In 1992, the then Home Secretary continued:

"It is a novel, bizarre and misguided principle of the legal system that if the exercise of legal rights is causing administrative inconvenience, the solution is to remove the right. No doubt that might satisfy bureaucrats and Government administrators in many areas, but it can hardly be a justification for removing rights."

He went on to make a point that has also been made today:

"When a right of appeal is removed, what is removed is a valuable and necessary constraint on those who exercise original jurisdiction. That is true not merely of immigration officers but of

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anybody. The immigration officer who knows that his decision may be subject to appeal is likely to be a good deal more circumspect, careful and even-handed than the officer who knows that his power of decision is absolute. That is simply, I fear, a matter of human nature, quite apart from anything else."—[*Official Report*, 2 November 1992; Vol. 123, c. 43.]

Wise words, spoken by the right hon. Member for Sedgefield (Mr. Blair) on 2 November 1992. Clearly, the rifts between No. 10 Downing street and the Home Office run deeper than was believed to be the case at the weekend.

The point about the quality of the decision making bears closer examination. I shall favour the House with a brief example offered to me by the university of Sheffield. Following a refusal decision made by the British high commission in Nigeria on 5 April 2004, the applicant, a Dr. E, was told:

"The cost of your tuition, maintenance and accommodation is to be borne by your sponsor. Funding your education will impose an additional financial burden upon him and I am not satisfied that this increased financial outlay is commensurate with his current economic circumstances."

In fact, the student had been awarded a 50 per cent. university of Sheffield fee bursary and was to be on leave on full pay from his position as a dental surgeon. The appeal came to the appellate authority in the United Kingdom and was successful.

We do not have the full decision letter, but that was one of the cases where even informal representations, which are often successful without the matter going to appeal, had been made and were unsuccessful. If Dr. E had not been allowed to appeal, he would not have been allowed to come to the United Kingdom to conduct important research. The university of Sheffield gives a figure of 90 per cent. of cases where, after informal representations or appeal, the decisions of entry clearance officers are overturned. The point about the quality of initial decision making cannot be overstressed.

I want to say a little about a fairly minor part of the Bill, but which is nevertheless profound in its impact—clause 9. The provision adds a restriction to make the lives of people contesting a Home Office decision that much more difficult. Its effect is that people who are appealing against decisions will no longer retain the rights that they had under their previous leave to remain. Thus they would no longer be permitted to work or to receive benefits to which they had been entitled. As the Home Office is pressing through decisions and the Asylum and Immigration Tribunal is hearing cases ever more quickly, one wonders why the extra restriction is necessary. It will cause real hardship to individuals and families.

A person who has been recognised as a refugee is entitled to work and to claim, and is now usually given indefinite leave to remain. Under new plans, if it is alleged that he can return to his country of origin, his leave could be curtailed or indefinite leave refused. On appeal, he would not be entitled to work, his employer would face criminal sanctions for keeping him on, and he would not be able to support his family or retain his home, still less pay for legal representation in the appeal process. Those who previously held humanitarian or discretionary leave or others previously in long-term categories with the right to work would face the same plight, were the Home Secretary to exercise his power to extend appeal rights under proposed section 82.

There is no indication that the Home Office has considered how people would live to be able to fight their appeals. Will the National Asylum Support Service remit be extended to people in that situation? Perhaps the Minister can answer that when he sums up. Would it be section 4 emergency support, or would people in effect be denied any redress for adverse decisions because they would be unable to live while waiting to fight the case? It will be a stark situation facing such people.

As I indicated at the start of my speech, we broadly welcome the proposals for dealing with those who employ illegal workers. I organised a briefing for Scottish Members last night from the director of the Scottish Drug Enforcement Agency, who is intimately involved in the setting up of the Serious Organised Crime Agency as it will operate north of the border. One of the things he told us last night was that people trafficking and illegal working lie at the heart of just about every aspect of serious organised crime in this country, in particular the drugs trade. There is still some scope for improvement in the Government's proposals and we will probe Ministers in Committee.

Lynne Featherstone (Hornsey and Wood Green) (LD): Although we all want to see an end to the illegal employment that my hon. Friend describes, is there not a concern that the introduction of a new inspection regime and civil penalties and the documentation provided by the Home Office might discriminate against ethnic minorities being employed by risk-averse employers? I would welcome Government attention being paid to that.

Mr. Carmichael: Perhaps because we have discussed the Bill previously, my hon. Friend anticipates two points that I intended to make. First, there is a danger that we will pass on to employers an administrative burden, particularly in relation to the checking of documentation. Secondly, and perhaps more insidiously, there is the issue of risk-averse employers. My hon. Friend puts it well. There is a danger that informal discrimination will build up as a result of the measure. Safeguards must be put in place to ensure that that does not happen. I hope that we can deal with this aspect in Committee.

Civil penalties, to which my hon. Friend refers, are dealt with in clauses 11 to 16. I do not want to get too involved in the matter, but the Government have not yet made the case for the introduction and use of civil penalties as proposed. I have some reservations about it and about the way it would be administered. I would prefer more to be written into the Bill, but we will let the Government make their case and we will judge them accordingly.

Jon Cruddas (Dagenham) (Lab): Rather than supporting the Government on the matter, why do the Liberal Democrats not probe or suggest the large-scale regularisation of workers in such conditions as a way of ameliorating their exploitation at work?

Mr. Carmichael: That is not a million miles away from the position stated in our manifesto at the last general

election. The point that we were making in relation to people trafficking is that the focus of Government attention has been all wrong. We should be offering protection to the victims of people trafficking and illegal working instead of treating them as the criminals. We should be giving them support so that we can pursue those responsible—the employers and the traffickers. That would be an eminently sensible and practical way of dealing with the problem, which will only get worse if we continue to go for the low-level victims.

In his speech, the Home Secretary made brief reference to the establishment of a code of practice under clause 19. Again, I recognise the need for a code of practice, but I am concerned that we have reached Second Reading without seeing even a draft. If we are to take the Bill into Committee in the autumn, the Minister has two or three months to make at least a draft available to Members to consider; otherwise, the Government are selling us a pig-in-a-poke. We deserve better treatment from the Government. If a code of practice is crucial to the operation of the Bill, as part of the scrutiny of the Bill the House should know what the terms of that code of practice will be.

The part of the Bill relating to claimants and applicants was described by the Immigration Legal Practitioners Association as

"a miscellany of the unobjectionable and the deeply worrying."

Parts, such as clause 37, represent a sensible extension to local authorities of powers currently delegated only to the private sector to accommodate failed asylum seekers and other applicants granted temporary admission or bail pending decision or removal.

The provision for integration loans to refugees introduced in the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004 was framed with reference to the common-sense and humane policy introduced by the Government in their 1998 White Paper, which granted indefinite leave to remain to refugees at the point of recognition. It is now proposed, under the five-year strategy, to renege on that policy, so the amendment in clause 38 that ensures that integration loans can be provided to refugees with limited leave to remain is to be welcomed as at least limiting the damage. We nevertheless deplore the proposed policy change, which is bound to militate against integration and thus undermine the benefits of the clause by deferring settlement for at least five years. Several practitioners in this area believe that that places the UK in breach of article 34 of the 1951 refugee convention, which obliges contracting states to facilitate the assimilation of refugees, and in particular to make every effort to expedite naturalisation.

Much of the Bill is capable of improvement. I am not minded to suggest to my right hon. and hon. Friends that we should impede its progress at this stage, but we shall seek very substantial improvements in Committee and thereafter. If those improvements are not forthcoming, the Government should not count on the support of the Liberal Democrats at later stages.

6.21 pm

Keith Vaz (Leicester, East) (Lab): I am grateful to you, Mr. Deputy Speaker, for calling me in this debate. In the 18 years since I have been a Member of this House, I think that I have spoken in every Second Reading debate on immigration Bills.

When I was first elected, there was always a Division at the end of Second Reading, with the Labour party opposing whatever the Conservative party was doing. Over the years, a consensus has developed on immigration and asylum, and I understand that no party will vote against the Second Reading of this Bill. That places me in a dilemma, because I want to vote against it but find myself with nobody to vote with me. As a serial loyalist who has been accused of voting with the payroll even though I am not on the payroll, I was looking forward to this first rebellion of my career. I then heard the Home Secretary reassuring me about several key aspects of the Bill and decided that I would vote in favour of it in a Division. But then I heard the shadow Home Secretary, and decided that if he was going to support the Government, I had to vote against. I then heard the Liberal Democrat spokesman tell us that the Liberal Democrats, who so often campaign in the Asian community about their support for that community, intend to abstain. I have not sought the advice of the Clerks as to whether I can call a Division on my own, but it seems as though my ambition of rebelling will be short-lived.

The importance of a debate of this kind is that it enables Members of Parliament with large ethnic populations to bring issues of concern to the House. It also enables those who do not have large Asian and black communities to tell us about their constituents' concerns. The emerging consensus is that we should be tough but fair as far as immigration policy is concerned. I believe that this is a very tough Government on immigration matters. When I write to the immigration and nationality directorate, only in very few instances are Ministers and officials prepared to overturn decisions that have gone to adjudicators. I understand that. After 18 years, I now have to tell constituents who come to see me on a Friday afternoon and ask me to intervene in immigration cases that once they have been to the adjudicator I am unable to intervene and they should make arrangements to return to their country of origin. I did not say that 10 years ago, partly because the mood has changed, but also because I am pleased with the changes that the Government have made over the past eight years to ensure that the settled British Asian community is protected with important rights, such as the abolition of the primary purpose rule in 1997 and the decision to restore appeal rights three years ago.

I wonder whether an immigration and asylum Bill is necessary at this stage. We should be considering how the immigration system operates, which means having a long and careful look at how the immigration and nationality directorate deals with casework. When I first came here, I tabled several parliamentary questions and discovered that at IND in Croydon there were hundreds of thousands of unopened application letters that people had sent in at the time of the previous Conservative Government.I knew that that situation would change once Labour got into power in 1997, but my first message to the Government is that it has not changed enough: we still have a major problem with the way in which IND operates. That is not a legislative issue, but one of administrative control. Many constituents come to my surgeries and complain about the famous 13-week-target letter. They make their application and are told that their case will be dealt with in 13 weeks'

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time, but two years later it is still not dealt with. We are then forced to write to Ministers and officials to ensure that something is done about the delay.

The problem with a system that does work efficiently and effectively is that people make their applications, wait for years, and during that time become, not in the legal sense but in the emotional and physical sense, settled in the United Kingdom. Some of them have managed to conceive and give birth to up to three or four children in the time that it has taken for IND to determine their cases. They come to the Member of Parliament's surgery right at the end of the process, having been to an appeal and been told that they must leave the country, and throw themselves on our mercy expecting us to perform miracles, but of course that is not possible. The huge cuts in legal aid mean that we cannot send our constituents to solicitors who practise in this area because there are so few with the necessary expertise to deal with such issues properly. As my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) said, many practitioners called "immigration consultants" exploit our constituents, but unfortunately there is nothing we can do about that at the end of the process.

I believe that the Home Secretary and the Minister for Immigration, Citizenship and Nationality are seized of the importance of this issue, and they make a good team. They are clearly tough and robust; they are big men. It is important to have immigration policy in the hands of such people. I was gratified to hear what the Home Secretary said earlier. I am pleased with the approach taken by the Minister, who is aware of the importance to this country of the settled British Asian community because he has 36,000 people of Asian origin living in his constituency. I have 40,000 people of Asian origin living in mine—although this is not a competition. Several hon. Members on both sides of the House have sizeable settled British Asian communities. On my side, we have my hon. Friend the Member for Ealing, Southall (Mr. Khabra), and on the Opposition side we have the new hon. Member for Ilford, North (Mr. Scott). Their majorities at the last election are dwarfed by the size of their settled British Asian communities. My hon. Friends the Members for Watford (Claire Ward) and for Walthamstow (Mr. Gerrard) are in a similar position.

We welcome the contribution of the British Asian community, which is settled in this country. That is why I am so much against the Government's proposal, in their five-year strategy, to remove the right of oral appeals. During the 2001 general election, I campaigned to get those appeals restored. Originally, we charged a fee for them. The then Home Secretary, my right hon. Friend the Member for Blackburn (Mr. Straw), who also knows all about these issues, arranged to have them abolished, giving our constituents the right to tell their relatives that they can appeal if the entry clearance officer turns down their application to come into this country. The right of oral appeal is extremely important. The Minister rightly pointed out that the Government will not completely abolish the right of appeal for family visits. They will abolish only oral appeals. However, the facts are clear: 70 per cent. of oral appeals are successful. It is vital that people have the chance to put their views to an adjudicator. I know that many people appeal in writing, but that is not the same. They have a right for their cases to be heard.

It is extremely important to bear in mind my right hon. Friend the Prime Minister's words, which the hon. Member for Orkney and Shetland (Mr. Carmichael) quoted. The hon. Gentleman took away the best quote of my speech. Those words reminded us of the genuine importance of the right of appeal.

The proposals do not only affect family visitors; the Bill also provides for taking away overseas students' right of appeal. Several hon. Members—almost every hon. Member in the Chamber this evening—have in their constituencies educational institutions that have overseas students. I have two big universities—De Montfort, which is one of the biggest universities in the country, and Leicester. We rely on overseas students and believe that they contribute enormously to the life of the universities in our areas.

This morning, Universities UK not only wrote to the *Financial Times*—we do not often disagree with 120 vice-chancellors who all agree on the same issue and write a joint letter to the *Financial Times*—but held a meeting in the House. Several hon. Members were present. The organisation made the point that not only do overseas students contribute more than £3 billion to £4 billion to the economy, but 210,000 of them come to this country every year.

Since 11 September 2001, several people, not only from the Asian sub-continent but from the Arab world, who would have sent their children to university in the United States, told me that they would not send their children to America—I do not refer only to the ivy league universities—because of the difficulty, based on their ethnic origin, of obtaining entry clearance. They chose London instead. The Bill will be a further restriction on the number of people who come here to study. That will damage our international standing and, more importantly, the long-standing relationships that are built up over many years by people who study here.

Dr. Cable: I thank the hon. Gentleman for his admirable speech, with which I agree. Does he agree that, if student visa changes, on top of visa charges, deter applicants to the UK, the inevitable consequence will be a reduction in income to British universities, and that the Government will be obliged to pursue other sources of student income, perhaps raising in advance of their timetable British domestic tuition fees?

Keith Vaz: The hon. Gentleman is right. He reminds me that when my family came to this country in 1965, when I was nine, as first generation immigrants, we settled in his constituency. My mother retrained as a teacher—her qualifications from the then South Yemen and originally from India were not accepted—at St. Mary's college in Strawberry Hill, which is another example of a higher education institution that attracts people from all over the world. The hon. Gentleman is right about visa fees. I stress that people do not mind paying fees if they get the service. They resent having to pay a fee if the service they get is bad—as it is, I am sorry to say, in the immigration and nationality directorate.

The proposals will place enormous power in the hands of entry clearance officers. A couple of years ago, under the inspirational chairmanship of the right

hon. Member for Berwick-upon-Tweed (Mr. Beith), the Constitutional Affairs Committee went to the sub-continent to consider immigration appeals from source. The Committee produced an excellent report, in which we considered the quality of decision making. The Prime Minister, the hon. Member for Orkney and Shetland and I believe that it would be bad to take away the right of appeal. It would place more and more power in the hands of entry clearance officers. That is fine when they can make high-quality decisions that are justifiable and can be defended. Let us consider, for example, Carol Doughty, director of visa services in New Delhi. If there is a problem with which UK Visas cannot help and the appeal process does not work, one can ring Carol Doughty and get a good decision.

On the other hand, I have only three cases in Islamabad—all 20,000 of my other cases are with India—and one can never get through to an entry clearance manager in Islamabad and Karachi. I cannot understand why more of my hon. Friends who represent constituencies with many Pakistani-origin cases do not complain more. One has to get up at 5 am to speak directly to an entry clearance director, who spends her entire time telling you how awful the system is and that she needs more resources.

If we take away the right of appeal, we place power in the hands of unelected decision makers. That encourages us to go to the Minister for Immigration, Citizenship and Nationality and the Minister with responsibility for entry clearance. The work load of Ministers, not adjudicators, who will not be able to determine the cases, will increase under the proposals. We will be ringing Ministers all the time, asking for overturns because the system does not give us the right of appeal.

I want to end with one example of what happens in a system that has no right of appeal. This afternoon, a constituent telephoned me because his nine-year-old nephew had come to visit him from South Africa. The nephew is of Indian origin and his name is Yash Patel. He arrived at terminal 1 of Heathrow airport and was refused admission because the immigration officers believed that there was not a sufficient programme of activities for the nine-year-old during his visit to his uncle in Leicester. They thought that he would spend all his time at the hairdresser's shop owned by his aunt. The immigration officers also felt that it was wrong for him to come to this country because his parents are very poor and the officers wondered how he could afford the ticket.

The boy has been at Heathrow airport for most of the day. I telephoned the office of the Minister for Immigration, Citizenship and Nationality. As usual, it provided a fantastic service and I pay tribute to the Minister's private office for its work. Staff gave me the phone number of the chief immigration officer. I spoke to chief immigration officer No. 1, who passed me to chief immigration officer No. 2, who would not overturn the decision. He said that he could not make the decision and he passed me to the deputy director at IND who deals with such cases. I rang her twice. On both occasions, her mailbox was full and I could not get through.

Luckily, given that we are discussing Second Reading of the Immigration, Asylum and Nationality Bill, I bumped into my old friend, the Minister. I told him about my problem and he behaved sympathetically. He got on to his private office and the deputy director at IND rang my office. I am pleased to say that the young boy has been allowed to stay, not for the original period that he wanted to stay for his holiday, but for two weeks on temporary admission.

There is no right of appeal against refusal for temporary admission. We have to ring all those offices and get the Minister involved to deal with those cases. I do not make a personal attack on individuals in the system, who work extraordinarily hard. I pay tribute to my hon. Friend the Under-Secretary of State for International Development, who is rightly respected and admired in the Asian community in this country for his work. However, I stress to him, the Home Secretary and other hon. Members that we are dealing not with asylum seekers but with our constituents—people who are settled in this country and are equal citizens to us.

Although I cannot find any hon. Member who will vote with me against the Bill tonight—my rebellion therefore ends when I finish speaking—I urge the Minister in his winding-up speech to give me the assurances that we need to show us that the Government are seized of the issues and that there will be genuine progress to ensure that we have the necessary safeguards to protect our citizens' rights.

6.39 pm

Alistair Burt (North-East Bedfordshire) (Con): It is always a pleasure to listen to the hon. Member for Leicester, East (Keith Vaz). He was worried that his instinct to vote against the Bill was not shared by his colleagues or by anyone else in the House. He also gave a lucid explanation of one or two aspects of the Bill that he found wrong. The hon. Gentleman is not noticeably shy, and he has always stood up for causes that others, particularly in his own party, have abandoned—the euro and the European constitution, for example—so I think that he ought to go with his instinct on this occasion and force a vote, although my own Whips might not want me to say that.

I appreciate having this chance to comment on the Bill. I particularly welcome the powers in clause 39 to extend monitoring operations to cover the escort services. I am concerned that the Bill is otherwise defective, however, in that it does not provide sufficient protection for detainees from arbitrary decisions. I am also worried that the Home Secretary has given his guarantee that the provisions of the Bill are compatible with the European convention on human rights. I shall query whether such a guarantee is appropriate in relation to some of the detainees who are facing return to places such as Zimbabwe.

I had not intended to speak today, but events connected to Zimbabwean detainees in Yarl's Wood in my constituency over the past three weeks—and particularly over the past 24 hours—have left me appalled at the way in which some of their cases are being handled. I want to make it clear to the House, and to the Minister, where I am coming from on this issue. I represent Yarl's Wood, and I take very seriously my relationship with those who work there and those who pass through. I try to understand the asylum policy that we apply and, by and large, I support the principles behind it, as the Minister is aware. If a person has been

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properly represented and has gone through all the appeal processes and been adjudged to be not an asylum seeker but someone who needs to be returned, the policy must require that return, if it is to mean anything.

I have defended such a system, and I have defended my constituents who work at Yarl's Wood in difficult circumstances to make that policy work. However, my defence of that system was based on a sense of justice and decency, and I am now beyond defending it and the decisions of those who are behind it. Their cavalier treatment of the vulnerable people in their care is a scandal to our reputation as a decent nation.

My right hon. Friend the Member for Haltemprice and Howden (David Davis) spoke earlier of how the Government had let people down over the years. He mentioned briefly their proposal in 2001 to increase the number of removals. That was when my change of heart began in relation to this policy—when I found out that Yarl's Wood was built on fraud. In November last year, the Prison Service ombudsman published his report on the 2002 fire at Yarl's Wood, in which some 300 people avoided death purely by chance. That report exposed the fraudulent nature of Yarl's Wood's origins. It was built to enable the Government to meet a target of 30,000 removals a year, a commitment given in their 2001 election manifesto and on the Floor of the House by the then Home Secretary, the right hon. Member for Blackburn (Mr. Straw).

It transpired from the ombudsman's report, however, that that target was nonsense. No one responsible in the Home Office or the immigration service believed in it. How did the Home Secretary come to rely on such a figure? As the report made clear, it was because the officials who challenged it were told that they were "troublemakers", and "not one of us". "Reasoned debate", said one senior figure, chillingly, "was forbidden". Immediately after the election, the new Home Secretary was informed that the target was undeliverable. Is it credible that it became undeliverable during the course of an election campaign, and that the Home Secretary did not know this? Frankly, no. It was either incompetence or deceit; the House must make up its own mind. In the rush to achieve that nonsensical target, an inadequate fire trap was built, in which people worked and were detained until it burnt down in minutes after being set on fire in a wicked act of arson perpetrated by persons unknown.

The revelation of the story, chronicled in full in the ombudsman's report, and the shameful failure of the Government to apologise for what had happened, or to counter the statement that reasoned debate about the targets was forbidden, profoundly changed my perception of the asylum system and those who were behind it. It offends my sense of justice not to see put right the things that were wrong. But that is history, although it has a bearing on the matters before us today.

Let us come up to date. I am pleased that the Bill will extend powers of inspection to the escort services that take detainees to ports of departure. I should like to illustrate the kind of incident that the new monitoring service should look at. Three weeks ago, I met a Zimbabwean detainee who alleged that she and two others had been assaulted by the escort service taking them to the airport in pursuance of an order to remove them. She had been temporarily released, but had learned that one of the others, who was scheduled to have an X-ray at Bedford hospital, was being removed a few days before the appointment, and before the completion of the inquiry into the alleged assault in which she had been both a victim and a witness. That seemed strange, but not unusual. I had a written question answered by the Minister yesterday, in which I had inquired how many people who had made a complaint about the escort services were removed before the investigation had been completed. I was told that the answer could not be provided, because to do so would take up inordinate resources. So that recent incident cannot have been all that unusual.

Problems with the escort services are not uncommon. They have a very difficult job to do. Those who do not want to leave the United Kingdom can make life very hard for the people whose job is to carry out the order. If those scheduled to return resist physically, it must be lawful to use reasonable force to get them to comply. But the problem can be seen immediately. What is reasonable force in those circumstances, particularly in the highly charged circumstances of a removal? And if allegations and cross-allegations are made, who is to judge what has happened if there is no independent witness?

I, and other MPs, have taken this matter to the Home Office before. On a visit to Yarl's Wood about a year ago, I was shocked by the vehemence of the women detainees when the question of the escort services was raised. There were too many accounts of casually inflicted violence and verbal abuse to dismiss out of hand. And while I understood very well how difficult it could be to move a powerful woman resisting removal, the majority of African and Asian women at Yarl's Wood are not big people, and they were never in a one-to-one situation. It was obvious who would come off best in a physical confrontation.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Is it surprising that, when women are being forced to go back to countries such as Zimbabwe, they resist the escort services? We all know how horrendously Mugabe is behaving towards the people of his country. If I were being deported to Zimbabwe, I would resist strongly as well.

Alistair Burt: My hon. Friend understands my drift; she has also anticipated a point that I was about to make. There is a problem facing the immigration service and those who work at Yarl's Wood. What should they do when people feel an instinctive sympathy with those who are resisting deportation?

When those allegations were made, I did not go public, heavy with outrage. I went to see the right hon. Member for Kilmarnock and Loudoun (Mr. Browne), then the Minister responsible for these matters, about the need for CCTV to be carried in the escort services' vehicles. He agreed with me that the Government took the allegations seriously, and CCTV cameras were ordered for the vehicles. We have to assume, therefore, that there was some substance to the allegations. Accordingly, I am afraid that the House must assume that physical abuse by the escort services taking people to ports of departure existed, and continues to exist.

I shall return to the incident of the other week. The allegation was that on 2 May 2005, three Zimbabwean women were taken from Yarl's Wood. They were taken in separate private cars, because the demand for vehicles with CCTV is high and they are not always available. Therefore, there was no CCTV. They were driven to the side of a Kenya Airways airplane, and one woman in the car made it clear that she did not want to go. Each of the detainees was accompanied by three other people, both men and women. As soon as the first woman had made it clear that she did not want to go, all three were seized on and bound, and physical efforts were made to force them on to the plane. On their return to Yarl's Wood, they complained of their treatment, were treated for their injuries, and some were ill for many days subsequently.

As those are allegations, I will say no more about them, except that I would have thought—I hope that the House agrees—that they were pretty serious. I have therefore asked the Home Office to stop carrying out deportations unless escort services are equipped with CCTV on all occasions, or failing that, to give the detainees the chance to have an independent observer with them. I tabled that written question to the Minister last week, and it has not been answered definitively. Will he say in his wind-up whether no escort service will be used unless there is CCTV or an independent observer, in order to prevent the problems with such allegations? For the sake of the system's integrity, the independent monitoring of the service, as under clause 39, is to be welcomed. I am only sorry that it is needed.

What of the omissions from the Bill? Last Sunday, I paid another visit to Yarl's Wood to see those women who had been refusing food. I wanted to ensure their welfare and to discuss with the Yarl's Wood authorities what their responsibilities toward them were. I was aware of an incident on the previous day, which was reported subsequently, in which about a dozen women at Yarl's Wood had obstructed the deportation of another detainee and barricaded a room. After a few hours, the authorities were able to regain control without violence or injuries to anyone. The women responsible for the protests and on hunger strike were segregated in a separate unit. I met them, they had free association and plenty of space, and apart from being understandably sad at their situation and distressed at reports of what was happening in Zimbabwe, they were physically well. They were encouraged by reports of what people on both sides of the House are doing to raise the issue of deportations back to Zimbabwe, including the efforts of the hon. Member for Vauxhall (Kate Hoey). They were as puzzled as the rest of us that the Government seemed to be turning a deaf ear to the cry to halt deportations to Zimbabwe.

The Yarl's Wood authorities appeared to be ready to return those women from segregation to the rest of their friends. Last night, at 10 o'clock, I received a call from the Zimbabwe Association, which told me that three women in segregation had been removed from Yarl's Wood to an unknown destination, without reason, at 9 pm last night. I began to make inquiries—I asked why they had been removed and who had made the decision. Those are the least inquiries to be made by an MP. The Yarl's Wood authorities told me that the ladies had been told that they were going to Colinbrook, a short-term detention centre, but no reason had been given, and it was not the decision of Yarl's Wood to remove them.

I was given another number to call of an official in the Detention Escort And Population Management Unit—DEPMU. That official sounded nonplussed when I asked him for a reason why the women had been removed . "We don't have to give a reason for moving people around, " I was told. He sounded surprised, as if no one had asked him that question before. After a short and heated conservation, in which I indicated that in this country he did indeed have to have a reason for moving people around in the detention estate, I was passed on to someone else—it was now 11 o'clock in the evening. That official was equally surprised to be asked to have a reason. After about 10 minutes of discussion, however, he told me that the women had been placed in Colinbrook because it was ultimately easier to remove them from there to Heathrow— once they had been separated from their friends and their spirit had been broken—and that that was why they were taken away from Yarl's Wood. This lunchtime, I spoke to the deputy head of the immigration service, who was good enough both to confirm that, and to accept responsibility for the move to Colinbrook, on the grounds of what he termed "security".

I appreciate the courtesy in difficult circumstances of those who spoke to me, because I was not as courteous as I might have been—I was extremely angry—particularly that of the Minister's private secretary, Claire, to whom I was courteous, who spoke to me until 1 o'clock in the morning in her efforts to find out what had happened? Let us examine what I have described, however, in relation to the Bill and its protection for detainees.

I am immensely concerned that a DEPMU officer's first instinctive response to my question about the reasons why those in detention, who had committed no crime and been removed from friends and supporters, was negative. The deputy director of immigration indicated that that was wrong and that a reason should have been given, and he was clear with his own reasons, but he had had many hours to think of them. I know what I heard at 11 o'clock last night. It was the instinctive reaction of a system that was not regularly challenged and did not like to be challenged—"We don't need to give reasons to move people around." That frightens me. I said to the gentleman that I did not think that I lived in such a country.

Where in the Bill is a provision to protect detainees from arbitrary decisions, to ensure that when they are given such orders they are given a reason and that those who represent them are given a reason why such a decision has been taken? Many other agencies operating for asylum seekers have alleged for some time that detainees are regularly shunted around, breaking their contact with lawyers or friends, and I have not always believed them. I am not so sure now. I was particularly concerned because two of the three names given to me last night were of people I knew. The first was one of the victims of the alleged assault by the escort service, and the second was an articulate young woman who had acted as spokeswoman for those who had barricaded the room to prevent their friend from being removed—two women who had spoken at length to an MP. Was it coincidence that they were two of the three removed, or, in a bid to ensure security, was it tactically astute to remove those who had had contact with an Opposition MP, or perhaps it was natural that those who would

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speak to me would probably be the sort of people who would encourage their friends? I do not know the answer.

If the latter is the case, however, and it might be, may I make a plea to the Minister on behalf of my constituents who work at Yarl's Wood? They are having to implement policy, segregate ringleaders and subdue the spirit of those who are resisting removal, all to help our country send women back to a country that is a byword for tyranny. Should those women resist, as my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries) said? Would we? And should they support their friends? If the Minister sees only the determination of the system to enforce its rules, and to return detainees regardless of destination, he is creating an almost impossible situation in our detention centres. How can removal directions be carried out unless there is a sense of justice and a confidence behind them?

As for the grounds of security that were given, I presume that it is thought that the women removed last night might be the focus of further resistance if they are given removal orders, or that they might be violent. But let us remember with whom we are dealing. These women have not committed any crime. For the most part, they have been living peacefully in the UK, on temporary admission, for many years. One woman was in the third year of her law degree at Leeds university, and was reporting regularly before she was picked up, and has been in Yarl's Wood for many months, so she has not been able to complete her degree. These are not convicted criminals with a history of violence, who, I remind the Minister, were placed at Yarl's Wood deliberately by the immigration service in the run-up to the incident there in February 2002. These are frightened African women, who are pleading for our compassion at a time when compassion is supposed to be oozing out of every pore of the Government when they talk about Africa.

The potential of those women for violence can surely be discounted. One of them is so frail now that she was described to me this lunchtime, by an officer at Colinbrook—not a representative of the asylum agencies or organisations—as being so weak that she now finds it difficult to move. Where in this Bill is the British state given the power to break the spirit of women's resistance to going back to a country such as Zimbabwe? I am sorry that the Bill does not address those issues, but it provides a chance for the Government to review again their policy on asylum in the light of the hard case presented by today's conditions in a country to which they are prepared to return failed asylum seekers.

The reason that I have spoken out in such a way today is that when a woman from a far country, with a black skin, is shunted around the detention estate, having committed no crime, in a situation in which the system does not believe that it owes an explanation to her, to citizens or to representatives, all our civil liberties are at risk. These women have been assaulted by the state's escort service, prevented from completing a degree, prevented from seeing an investigation completed into an allegation of assault, picked on perhaps for talking to an Opposition MP, and removed at night for no reason at all. Return those ladies to Zimbabwe? Some of them probably think that they have never left.

6.59 pm

Mr. Piara S. Khabra (Ealing, Southall) (Lab): I am pleased to have the opportunity to speak in the debate, as the subject of migration is extremely personal to me, as an immigrant to this country in 1959, and as the Member of Parliament for a constituency with the third highest Asian immigrant population in the United Kingdom.

I have no illusions about the Conservatives' policy on race and immigration. They are learning, but they are very slow and sluggish in adapting to changed circumstances and in changing their attitude to ethnic minorities in this country. During my time in the United Kingdom, rhetoric on the issue has generally and thankfully grown more measured, and attitudes have softened. Even in the midst of the hard-fought general election campaign, when the immigration issue was an ever-present reminder of many people's concerns, we never sailed into the murky waters of the "river of blood". Yet the fact that the issue is still so potent is in itself a measure of the work that we still have to do in reassuring the public that we can learn the lessons of the past eight years after taking office, while also ensuring that people appreciate the real contribution that immigrants make to the economic and social infrastructure of Great Britain.

One way in which we can offer that reassurance is by continuing to work on a system which, although it is improving in some respects, has some way to go if it is to meet the aspirations of the Government's five-year strategy. The Bill is fundamentally about controlling immigration into this country. I welcome several of the steps outlined by my right hon. Friend the Home Secretary. I particularly like the ideas for better co-ordination between border agencies, and the plan to take stricter action against employers who, knowingly or through neglect, shirk their legal responsibilities.

As one of the Members of Parliament who must deal with a large amount of casework, I know that one of the greatest challenges facing any Government is the need to ensure that agencies with a range of different but related responsibilities work as seamlessly as possible, as a team, to make it that much harder for people to exploit weaknesses in the system. Improved sharing of information is the most obvious example of such team work, and the e-borders programme allowing easier access to carrier information should help to identify individuals who may present a risk to our security and our immigration system.

I also strongly welcome the Government's efforts to take stronger action against employers such as those in my constituency who pay awful wages to the illegal workers—cheap labour—whom they knowingly employ. The proposal for a new civil penalty for employers of illegal migrant workers is sensible, as are the plans to differentiate between those who negligently employ illegal workers and those who are merely negligent. Hiring illegal immigrants is not just wrong in principle. It can compromise the safety of other workers, as illegal workers are often uninsured, undertrained and overworked and therefore a danger to themselves and those around them. Moreover, they do not have the option of joining a union, and are frequently exploited and paid shameful wages.

Nevertheless, while I welcome the proposals, I feel that there are real problems that we are not tackling adequately and issues that the Bill should be addressing. The most obvious, and the one from which others flow, is the continued backlog. I receive letters from constituents who have been waiting for five, or even 10, years for an answer from the Home Office. That is simply unacceptable. In the meantime some of those people marry. They may have children. Understandably, at that point removal is no longer a humane option.

We need more, and more well-trained, caseworkers, and a real will to clear the backlog that is the main problem at the Home Office. An exacerbating factor is the fact that those seeking information from the immigration and nationality directorate on their applications for asylum, or for indefinite leave to remain, find it difficult to know the status of their applications. Members of Parliament who receive letters from constituents then contact the department at Croydon, thus adding a whole new and unnecessary layer of bureaucracy which slows the system even further.

Essentially, people want to know what is going on. Obviously they would prefer speedy decisions on their applications, but I am sure that many would not feel that they had to contact the department if they were kept advised of the progress of their applications and were given realistic deadlines.

Keith Vaz: Does my hon. Friend not agree that the proposals to restrict rights of appeal in a number of categories will put more pressure on the IND, and increase the backlog?

Mr. Khabra: I agree. I speak from experience when I say that the right of appeal is fundamental. Those proposals will not help the Home Office to deal with immigration problems.

Unrealistic deadlines are contributing to the present confusion. We need only think of the concession on indefinite leave to remain which, although it was supposed to be completed by May 2004 and then in December 2004, has still not been completed in July 2005. People contact Members of Parliament because they hear about the deadlines, and assume they have missed out because they have heard nothing from the Home Office. The upshot of all the delays and the uncertainty is that people feel that it pays to disappear—and some of them do. That makes effective removals difficult, and leads to headlines about illegal-immigrant numbers such as those that appeared in the press last week.

I am also concerned about the quality of entry clearance officers' decisions. Since 1992, I have seen thousands of standard refusal notices from ECOs that do not seem adequately to reflect the complexities of many cases. The stereotyping of questions and of circumstances and the way in which interviews are conducted, especially in the case of applications from the Indian sub-continent, are extremely unhelpful. The system of interviewing needs to be modernised to meet the changing and varied realities of visa applications. ECOs enjoy enormous power, but are not currently subject to proper scrutiny by the Foreign Office. Consequently, in many cases genuine applicants for visits are refused visas.

While we have been admirably flexible in many of our dealings with European migration, we make applicants from countries such as India jump through hoops. That, I feel, is a sad way in which to treat a Commonwealth country where so many people have such personal ties to our population in the United Kingdom.

As I said earlier, there has undoubtedly been some progress, both in attitudes and administratively, as a result of reforms in the previous three immigration-related Bills passed by the last Government. Further progress has been made in dealing with immigration cases at the Home Office. But although I am a strong supporter of much of what this Government have done, I also have a duty to my constituents to raise concerns on their behalf, and to act as a voice for the frustration that many of them feel daily.

We have it in our power to make the system work, but we need to show that we have the will to follow through on our promises. Let us not waste the progress that we have made on community cohesion and economic prosperity. Instead, let us show that a well-managed, efficient and flexible immigration system can be a truly great asset to our country's prosperity. I support the Bill.

7.10 pm

Mr. John Horam (Orpington) (Con): The hon. Member for Leicester, East (Keith Vaz) said that he has spoken in every immigration Bill debate since entering this House. I am afraid that I have to tell him that until now, I had never spoken in such a debate, but there is always a first time, even for someone who has been in the House as long as I have. Perhaps because this is my first such debate, I have found it extremely interesting and rewarding. It has been so not merely because of the expertise demonstrated by the hon. Members for Ealing, Southall (Mr. Khabra) and for Leicester, East, but because of the passionate and sincere speech of my hon. Friend the Member for North-East Bedfordshire (Alistair Burt). The whole House listened to him with rapt attention, and I hope that he will get a proper reply from the Minister who winds up the debate.

I accept that the Bill is a specific measure that implements the five-year plan, puts into primary legislation the provisions necessary to bring that plan to fruition, and deals with some anomalies in the law. There are many aspects of it that I support. It is necessary for officers to have the power to obtain information from airlines and shipping lines, for example, and to have powers of search. Indeed, I am surprised that such powers have not already been included in primary legislation.

I also accept the point that was made—very well made—about employment practices. The hon. Member for Orkney and Shetland (Mr. Carmichael) rightly said that in many ways, it would have been better if the Government had enforced existing laws more effectively, rather than introducing new ones. There is sometimes an inverse relationship between the Government's effectiveness and the amount of legislation that they introduce.

The appeal process is a very important issue. Non-experts and non-lawyers such as myself enter into this area with some trepidation. Members in all parts of the House have referred to the difficulties associated with

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the current appeals system, and the Prime Minister himself has been quoted in this context. The shadow Home Secretary pointed out that it is certainly possible that eliminating the appeals process could lead to less rigorous decision making. If such a process does not exist, such decisions could be taken less carefully and thoroughly.

Mr. John Leech (Manchester, Withington) (LD): Does the hon. Gentleman agree that removing the appeals process is merely a gesture by a Government who are trying to appear tough on immigration?

Mr. Horam: I cannot comment on the Government's motives, most of which are currently concealed from us. Nevertheless, we must face the fact that they are doing away with appeals in some situations. The Home Secretary himself acknowledged in his opening speech that the quality of decision making will have to improve. The difficulty is that the current appeals process is extensive and is attracting immigration, as the Home Affairs Committee said in its 2001 report on borders. It is clearly a much more long-winded process than that operating in some other countries. It is question of efficiency, which the Government must address.

Even with my limited experience, I have no doubt that the system is being abused. The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) said in an intervention that some solicitors batten on to immigrants and use the system to prolong the process, which was never the intention. As I have discovered from cases in my own constituency, people are left in limbo for many years, which is unacceptable. So although I understand the cynicism that some feel about the Government's position, this is a real issue that has to be addressed.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I would describe the feeling as concern, rather than cynicism. I have many such cases in my constituency, and I am worried about the very low standard of initial decisions, to which organisations such as the National Audit Office have referred. I have yet to be convinced that doing away with the appeals mechanism will improve the initial decisions. We have to be reassured that other steps will be taken to improve them; otherwise, we will need the appeals process.

Mr. Horam: That is a very fair point, which is why I said that the Government have to address this issue. The hon. Gentleman mentions other steps that the Government could take to ensure that the quality of decision making is improved, but I do not know what they might be. However, we in this House will be watching the Government to see how they deal with this important issue.

As my right hon. Friend the Member for Haltemprice and Howden (David Davis) said in his opening speech, we have to see this Bill, specific and detailed as it is, in the context of the wider debate on immigration. There is no doubt that the question of the number of illegal immigrants is an important issue. I am particularly concerned by the Government's reprehensible attempt over a prolonged period to conceal the numbers, which has not enabled proper debate. Under the heading "Liars and bullies", *The Sunday Times* pointed out in last Sunday's leader that the Government attempted to conceal—*[Interruption.]* The Minister for Immigration, Citizenship and Nationality says that the article is wrong; he will doubtless address this point in his winding-up speech. The article pointed out that in the run-up to the general election, the Prime Minister denied that it was possible to estimate the number of illegal immigrants in this country. But we now know that such an estimate has been made—*[Interruption.]* The Minister says that no estimate has been made; again, he will doubtless address that issue in his winding-up speech. However, we are led to understand that there is such an estimate.

I pay tribute to Migration Watch, an independent organisation that has, over the years, teased out some of the relevant issues. Although I am sure that the Office for National Statistics does a perfectly sensible, professional and technical job, given its very limited scope, Migration Watch has attempted to estimate the level of illegal immigration—along with other related factors—which is very difficult for Government statisticians to do. In that regard, it has performed a very important public service.

When the Government get headlines in responsible journals such as "Liars and bullies", they really should be concerned about the way in which people are regarding the statistics that they produce. In some ways, my right hon. Friend the Member for West Dorset (Mr. Letwin) was right to say before the general election that the statistical element—be it the ONS or the organisation that produces crime statistics for the Home Office—should be separated from the Government and put under the aegis of this House. We need an independent body that reports to a Select Committee of this House, for example, and which is therefore able to make totally impartial judgments on the nature of such statistics and when they should be produced. That way, no one will have any doubt about the quality of, or background to, such statistics. That is the only way now that this particular Bill could give anyone any confidence that the facts are in any way correct; otherwise, we will take the view—Labour Members must recognise it—that a great deal of it was simply spun in one way or another or concealed. That is not the way to have an honest debate on such a sensitive and important subject. The Government should reflect more on that.

The Government have a responsibility to fit immigration into other aspects of policy. In that respect, we are all indebted to my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley)—he will doubtless want to enter the debate at some stage—who has pointed out the link between the level of immigration and housing policy in the south-east. If I recall correctly, my right hon. Friend said in one of his pamphlets that the Deputy Prime Minister made 17 different statements without ever mentioning the fact that the prime driver of housing demand in the south-east was international immigration. It is the biggest factor and my right hon. Friend estimates—I am not trying to grab his speech—that it could be as much as 40 per cent. For anyone living in a suburban area of outer London, that is a huge factor. We are losing nurses, teachers and others who can no longer afford to

live in places like Bromley. We must address that problem seriously: it is not good enough to consider only the supply of housing without taking account of the demand. If we do not mention that critical factor at all, we are not likely to get serious policy or even serious discussion of policy.

It is also important, as my hon. Friend the Member for North-East Bedfordshire said, to take account of the international context. He eloquently raised a point about Zimbabwe. We have all had a debate—quite rightly, in my view—about Africa over the last two weeks and we are to have more of it this week. Last year, I went to Botswana, 40 per cent. of whose adult population has AIDS. I found that the people there were complaining about losing their nurses to the UK. That country is effectively being deskilled by demand in this country to fill gaps in our national health service. In many African countries, up to a third of graduates in any one year come to Europe. How can capacity be built to deal with the sort of problems that Africa faces, particularly given the lack of leadership—in some countries, corrupt and venal leadership—when a third of a country's graduates are disappearing to Europe every year? That applies even more to the Caribbean. The problem has to be tackled on a moral and practical basis as well as a domestic UK basis.

A final point put very eloquently by my right hon. Friend the Member for Haltemprice and Howden is that there is clearly a division of Government opinion on this matter. In his speech at Gateshead before the last general election, the present Home Secretary seemed to be saying that all immigration was welcome. Indeed, he wished that we had more immigrants of all kinds—students, refugees, economic migrants and so forth. The Prime Minister, however, in an attempt to win the election, was obviously setting out targets and trying to assure everyone that immigration levels would come down. The number of asylum seekers has come down, but the fact is that there is no intellectual coherence about Government policy. The lack of management is stark and the attempt to stifle debate by obscuring and denying the facts—

Edward Miliband: Will the hon. Gentleman give way?

Mr. Horam: No, I am just about to finish my speech.

The Government's attempt to deny the truth is reprehensible, and they have a great deal to answer for in that respect.

7.24 pm

Mr. Neil Gerrard (Walthamstow) (Lab): This is the sixth Bill on immigration and asylum that I have seen before the House since I was elected in 1992. As other hon. Members have spoken about their experience of those Bills, I shall start by saying that I am probably the only Member who has served on the Committee considering all five of the previous Bills. I always tried to approach the Bills objectively. The first two were under a Tory Government and the next three under a Labour Government, but I have been objective in voting against Third Reading on all five.

I have to say that my experience of Bills on immigration and asylum has been that they are generally bad news, although the current Bill may be rather less bad news than some of its predecessors. Bearing in mind some of the comments of the right hon. Member for Haltemprice and Howden (David Davis) earlier, I recall that in 1993 and 1996 Tory Home Secretaries told us that they had every answer to every problem in the immigration and asylum system. In respect of Tory comments about illegal immigration into this country, I recall being a member of the Committee considering the Immigration and Asylum Bill in 1999. One sitting started at 4.30 on a Tuesday afternoon and finished at 1 o'clock on Wednesday afternoon. We went right through the night and into the next day. That happened because of a Tory filibuster over our proposals to introduce penalties for people who were bringing illegal immigrants into the country in lorries. Clearly, the Tories have changed their views a bit since 1999.

There are some problems with the Bill. Some of the more serious ones lie not in the Bill itself, but in the secondary legislation that relates to it. Indeed, much of the Bill is to do with secondary legislation. I shall do my best to concentrate on the Bill itself, Mr. Deputy Speaker, although I am aware of its relationship with such secondary legislation. We have already had a wide-ranging debate about the asylum and immigration system in general.

First, I want to speak to clause 1, which deals with changes on appeal rights regarding variation of leave to enter or remain. The aspect that concerns me most is the proposal for someone given refugee status to have five years discretionary permission to stay—not indefinite leave, which applies at the moment. We actually introduced indefinite leave for refugees at the point at which they are given refugee status. Before 1998, even those given refugee status had to wait for four years before acquiring permanent permission to stay here. It was something that we did, and I have not yet seen any explanation of why the Government believe that there is any need to turn the clock back. We are not talking about huge numbers of people. The number given full refugee status is actually quite small, but for those people the provision amounts to an enormous change. It sits very badly with talk about the need to integrate refugees if, at the point when someone is given refugee status, they are not given security as well.

A couple of weeks ago, I spoke to a psychiatrist in my local health authority who works with refugees. She told me about the difficulties faced by people who have gone through traumatic experiences and that she was able to start dealing effectively with their problems only from the point at which their status was confirmed. At the point that they acquired security, it became easier to deal with some of their other serious problems.

I am not clear either what exactly the Government expect to happen at the end of the five-year period. People will still be given the right to family reunion at the point when they are given refugee status. Inevitably, after five years people will have families and children here—perhaps some children who were born here. We already know the sort of problems that will arise if we start telling those people that they are going to be forcibly returned to their countries of origin. I am not even clear that it will always be five years and I would be grateful if the Minister clarified that matter.

[Mr. Neil Gerrard]

I recently saw a presentation given to a number of organisations by Home Office staff trying to explain how the changes would be implemented. It was said that one of the factors that could lead to someone being returned was a change in the refugee's country of origin. The Home Office said that it envisaged a

"system of declarations, to be used sparingly, that a country of origin has undergone fundamental change so that all grants to nationals of that country will be reviewed."

It also said that cases might be reviewed individually at the end of the five-year period. The implication is that a decision will be made—presumably by the Home Office—that a country is safe to return to, and that people who have had less than five years here will be caught by that change. That will certainly cause insecurity for them.

I am not clear about how the Bill will deal with people who have not been given full refugee status, but who have been given humanitarian protection. It appears to be the Government's intention that that will usually attract a five-year grant, rather than one of three years. At present, people given humanitarian protection cannot get a family reunion until three years have passed. I welcome the fact that the Bill means that they will be able to get family reunion rights as soon as they get humanitarian protection.

If people are given family reunion rights and their families, spouses and children are encouraged to come here, the problems at the end of the five-year period will be multiplied if we tell them that those rights will be subject to review. I do not understand that logic at all. If we give people full refugee status, we recognise that they have been persecuted and need protection. Why, then, will we not give them the right to remain in this country?

At present, unaccompanied minors are routinely given discretionary leave to stay until they are 18. Clause 1 will mean that they will not be able to appeal against a refusal of extension of that discretionary leave. That will have a significant impact, as they will lose some of the access to services that they had enjoyed previously. I do not see the necessity for that provision.

Before I leave the subject of asylum, I note that many hon. Members have spoken in the debate about the need for good initial decision making and for getting things right at that stage. Apparently, the new asylum model to be introduced as a result of the five-year plan will rely to some extent on a process called "segmentation". Asylum seekers will be divided into nine queues, or streams, such as "late and opportunistic", with "low barriers to removal" or "high barriers to removal". Another category is for people designated as "high priority" with "low barriers to removal". Different reporting and detention regimes apply to the different streams into which people are divided.

Deciding which stream is appropriate for people applying for asylum will almost certainly prejudge the final decision about their applications. If a person is put in the "late and opportunistic, low barriers to removal" queue, it is difficult to see how he or she can have much chance of proving an asylum claim. If we want better initial decisions, I question the wisdom of creating a model that is far too sophisticated and requires immediate decisions about where people are to go.

Clause 4 deals with entry clearance appeals. It has already received much attention in the debate, so I shall be brief. However, I agree with what has been said about oral appeals for family visitors. The Tories abolished that right, but this Labour Government brought it back. The people who will be affected will be the families of British citizens—our constituents. Why is clause 4 necessary? Where is the abuse? I have seen no evidence that the system is being abused—quite the opposite, as the evidence is that oral appeals have a very high success rate. I do not regard that as abuse of the system, so where is the abuse that the removal of the oral appeal right is supposed to correct? If abuse exists, I hope that Ministers will say exactly what it is.

Some other bits of the clause also concern me, although they have not received any attention so far. The existing immigration rules already allow Ministers to define family members. The present definition is fairly wide and includes relatives such as grandmother, granddaughter, brother, sister, uncle, aunt and nephew, but it is suggested that it is to be tightened up. Any such change will have implications for many communities in this country. I hope that Ministers will tell us exactly what is proposed. I do not want to find out when an order appears after six months and a Committee deals with the matter under the negative resolution procedure.

Clause 4(3) is the sort of provision that we ought to be taking this opportunity to do away with. It states that a person

"may not appeal . . . against a refusal of entry clearance if the decision . . . is taken on grounds which relate to a provision of immigration rules, and are specified for the purpose of this subsection by order of the Secretary of State."

That gives enormous powers to the Secretary of State to decide, by order, who will have rights of appeal and who will not. The phrase "by order" means that there is never a proper debate of such matters in this House.

I come now to the part of the Bill dealing with employment, and I welcome the fact that the employers of illegal immigrants will be targeted. People who employ illegal immigrants in large numbers know very well that they are breaking the law. I think that we ought to consider a variety of ways to deal with such people and not limit ourselves to powers under the immigration legislation. There is no doubt that people who employ illegal immigrants do not pay the minimum wage or national insurance, or fill in the proper VAT returns. I have reminded Ministers before that Al Capone went to gaol for tax evasion: there are always other ways to get at people if one's preferred approach proves more difficult than expected.

As has been noted already, we must be very aware of the effects of the Bill on race relations. We do not have to think very hard to imagine who is likely to be asked to prove their ability to work. I am bothered by one aspect of clauses 11 and 9, taken together. Clause 11 will make it illegal to employ a person if his

"leave to enter or remain in the United Kingdom

i) is invalid,

ii) has expired, or

iii) is subject to a condition preventing him from accepting the employment."

I am sure that I am not the only hon. Member who frequently sees people with temporary or limited permission to enter the country who have made an

application for an extension or for indefinite leave. Applications for the latter by people granted exceptional leave can take up to a year to be decided.

At present, people granted exceptional leave who apply for indefinite leave retain their rights under the exceptional leave provision until a decision is made in respect of the application for indefinite leave. It is not just people who have appeals—it is people who have put in applications for extensions or to turn exceptional leave into indefinite leave. If clauses 9 and 11 are read in conjunction, it appears that someone in that position will no longer be entitled to work at the point at which their exceptional leave expires, and their employer will commit an offence if he continues to employ them. I do not know how people are supposed to keep track of the position. I hope that the Minister will either confirm that I am wrong or, if I am right, will consider how the clause can be amended to ensure that people do not suddenly lose the right to work, because that would cause them all sorts of problems.

I am glad that clause 19 mentions a code of practice in consultation with the Commission for Racial Equality. The clause gives the Secretary of State scope to involve several other organisations and individuals, and perhaps the Minister could give us some examples.

Clause 37 will allow local authorities to accommodate failed asylum seekers and others under section 4 support. Who will cover the costs? Will it be the local authority or will it all be administered through NASS? It is not clear how that will work in practice. People will not have the right to go to a local authority and request section 4 support. I assume that the decision that someone is eligible for section 4 support will still be taken by NASS and not by the local authority. Will there be some sort of contract between NASS and the local authority? There will be enormous scope for confusion, in the same way as when someone who has been supported by a local authority is transferred to NASS support. That problem also relates to clause 9. If people suddenly become overstayers as a result of waiting for an application to be dealt with, where should they go for support?

My final point relates to detention facilities. The hon. Member for North-East Bedfordshire (Alistair Burt) made some excellent points about them. I reiterate the point that I raised with my right hon. Friend the Secretary of State about being clear that inspection by the prisons inspector will apply to all detention facilities. I would not be pleased to discover that such inspections would apply to Yarl's Wood and Harmondsworth, but not—for some reason—to Oakington, Dungavel, or another place that is used not for failed asylum seekers, but for asylum applicants. We also need to take control of the escort arrangements because there have been several serious allegations of assault.

I have served on the Committees that have considered previous such Bills. Unfortunately, on occasion some very nasty surprises have been sprung on us late in the consideration. In 2002, for example, section 55 of the Nationality, Immigration and Asylum Act 2002, which removed all support from some in-country applicants, was put into the legislation at Committee stage in the Lords and received less than half an hour of consideration in this House, even though it was a major change. I hope that nothing like that will happen with this Bill.

I hope that the Minister will respond to some of the concerns that have been raised this evening, especially on appeal rights. That section of the Bill raises the most concerns and I hope that we will be able to achieve some positive changes in Committee and on Report. Some aspects of the Bill are worrying. My hon. Friend the Member for Leicester, East (Mr. Vaz) mentioned voting against it. Well, if some of the measures are not amended by Third Reading, a few more colleagues will be thinking along the same lines.

7.44 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I am grateful for the opportunity to speak after the hon. Member for Walthamstow (Mr. Gerrard), who brought to bear his considerable expertise in an important speech that should be read in conjunction with the truly remarkable speech by my hon. Friend the Member for North-East Bedfordshire (Alistair Burt). He highlighted how painful, sensitive and harrowing it can be to remove people from this country to a country as ghastly as Zimbabwe. The hon. Member for Walthamstow reminded us that those problems of removal increase the longer someone has been in this country. The longer the time, the more harrowing and difficult removal becomes.

The hon. Gentleman also highlighted that, in a shameful move ahead of the election and in order to sound tough, the Government announced that there would be no automatic right of settlement after four years and no right of settlement at all for unskilled workers, effectively creating a category of guest worker. It sounded tough and perhaps popular in some quarters, but all hon. Members know that it has probably created an unworkable situation. The longer people have been here, the more they have established roots—they may have got married and had children—and removal becomes ever more difficult.

We should remember the evidence that Dr. Teitelbaum gave to Congress on that point:

> "There is virtually no such thing as a *temporary* immigrant from a low wage economy to a high wage economy... Don't be tempted by the siren song of temporary worker programs. If they involve movement from poor countries to rich countries, they universally prove to be more permanent than temporary, and very difficult to turn off once turned on."

I would add that they inevitably involve inhumanity if turned off. It is far more sensible and humane to limit immigration at the initial stage than to allow people to come here temporarily.

Recent debates in this Chamber have been oversubscribed. It is remarkable that on such a controversial subject, we are not subject to a time limit and only a few Labour Members have wished to speak. Even on this side of the House, our numbers are limited. I cannot help feeling that that reflects people's reluctance to participate in debates about immigration because all too often those debates are curtailed by accusations of racism, which are freely bandied about and recklessly applied to anybody who implies that any greater restriction should be placed on immigration. When I became involved in the immigration issue—which was almost by accident, because I was studying the housing issue and discovered that housing policy was largely driven by Home Office immigration policy—I was warned by all my friends, who had let me be reckless enough to write pamphlets in favour of

[Mr. Peter Lilley]

legalising cannabis, that I should not write about immigration. They said that I would be written off as a cranky libertarian or a dangerous racist. What I am about to say will probably have me written off on both counts.

The Bill is about handling illegal migrants, failed asylum seekers, illegal entrants and those who have overstayed their visas. However, illegal immigration is simply the flipside of the lawful migration coin. The Government say that we need lawful migration because it is good for us. We need not just skilled people, but unskilled people. The Prime Minister has said that we need people to fill unskilled jobs that people living here are not prepared to do. We are told that lawful immigration increases the growth of our economy, and that the more there is, the faster it will grow. We are told that immigrants pay more in tax than they draw in benefits and other costs on the public sector, so the more immigration, the less tax the rest of us will have to pay. We are told that we need immigration to pay our future pensions, so the more immigrants we have, the fewer the difficulties of coping with the pension problem in the future.

I shall discuss the credibility of those claims in a moment, but if they are true they imply that the more immigration there is, of both skilled and unskilled workers, the greater the benefits for the rest of us. The question inevitably arises, why, if economic migration is good for the rest of us, do the Government want to send back failed asylum seekers, illegal immigrants and overstayers, who are, after all, economic migrants? The Government might say that it is a question of numbers; it is good for us, but there is a limit to the number that we can accommodate or absorb. However, they say that it is not a question of numbers. If it were, it would be natural and right to set a limit for that reason; but the Government say, no, there must be no limit to the numbers. They spent the whole of their election campaign ridiculing and opposing that idea. The Home Secretary and his predecessor said that there can be no upper limit to the number of immigrants who should be allowed into this country, and the current Home Secretary has said:

"we want more immigration, more people coming to study, to work . . . to look for refuge".

If immigration is a good thing, we have to ask whether we can have too much of it. I do not ask such questions rhetorically, so when I faced up to the problem I ended up writing a pamphlet entitled "Too much of a good thing?". When I started looking into the issues, my first conclusion was, if I am honest, not so much a conclusion as a prejudice. It came from living in areas with a high concentration of immigrants, from my experience and that of my neighbours and from working with immigrants as my constituents. I concluded that the overwhelming majority of immigrants are decent, hard-working, law-abiding people who come to this country wanting to better their lot and that of their families, and to make a positive contribution to the country. Most of them do. Indeed, to a large degree, they epitomise the very virtues of enterprise and family cohesion that Conservatives particularly admire, so we start off with a natural prejudice in favour of immigrants. We think of them as a good thing. We welcome those who are in the UK and we feel, as it were, at one with them.

I then considered the Government's economic arguments in favour of large-scale immigration. There can certainly be no reason to oppose it on the grounds of the character of the people who want to come to this country, but what are the arguments for and against encouraging large-scale migration? The first remarkable thing I found was that almost no economists thought that there were substantial economic benefits from large-scale migration. I have to confess that when my pamphlet went to print, I had not read what is probably the definitive work on the subject, published last December in the *Population and Development Review*, by Coleman and Rowthorn, entitled "The Economic Effects of Immigration into the United Kingdom". Their conclusion was:

"We conclude that the economic consequences of large-scale immigration are mostly trivial, negative or transient; that the interests of the more vulnerable sections of the domestic population may well be damaged; and that any small fiscal or other economic benefits are unlikely to bear comparison with immigration's substantial and permanent demographic and environmental impact. We demonstrate that such findings are in line with those from other developed countries".

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Has the right hon. Gentleman compared the substance of the report from which he is quoting with the report published by the Home Office in 2002, which indicated that migrants contributed 10 per cent. more to this society than they actually cost it?

Mr. Lilley: Yes I have, and it is fairly comprehensively demolished in the report that I have cited, which I urge the hon. Lady to read. I shall come to that point in due course and explain to her why that Home Office report was so unreliable.

My conclusion was somewhat different from the one that I read out. I concluded that some immigration does enrich, and has enriched, this country both economically and culturally, but beyond a certain point the benefits of additional immigration do not rise with the number of people who come to the UK, whereas the costs and difficulties, especially the costs of extra housing and the pressure on land, rise in proportion to the numbers, so it is sensible and rational to set a limit.

Let me use an analogy. Immigration acts as a lubricant for the economy, rather than a fuel. If we do not put oil in the car, it will not work well. If there is more than sufficient oil, the car will not go any better and too much oil may cause problems. To stop all immigration would be bad for the economy, but beyond a certain point increasing the amount of immigration does not make an economy grow any better. Immigration is a lubricant, but unfortunately the Government have been under the mistaken apprehension that it is a fuel. They put their foot on the accelerator and think that the more people we take into this country, the more we will grow. As a result, net lawful immigration has trebled under the Government; over the last six years it has averaged three times the level that they inherited.

Edward Miliband: I am listening carefully to the right hon. Gentleman's speech and I feel that he is tilting at a straw man—the straw man of completely open borders. I do not think that either side of the House advocates the extreme position that he is taking in his argument.

Mr. Lilley: I am merely pointing out the logic of the Government's position. The hon. Gentleman may say that as the Government are not logical we need not do that, but that is the inherent logic. If he had given a logical reason for restricting immigration—the Government may not have vouchsafed it, but he in his influential family position can tell us what it is—I would have welcomed it, but he has not done that.

Edward Miliband *rose—*

Mr. Lilley: I shall certainly give way to the hon. Gentleman—he is about to reveal all.

Edward Miliband: I am grateful to the right hon. Gentleman for giving way again. The question is whether we set an arbitrary limit, which is the idea of a quota, or whether we have an approach, such as the set of policies that the Government propose, so as to shape the number of people who come into the country—something that can be reconsidered and revised. I do not see an inconsistency in our position.

Mr. Lilley: If there is no logical reason for having a limit, any limit will be arbitrary, but if the hon. Gentleman will not give us his reasons for having a limit, whether by process or by number, he is behaving irrationally or is advocating irrational policies.

Dr. Cable: Will the right hon. Gentleman give way?

Mr. Lilley: May I make a little progress? The hon. Gentleman may then find that I have answered his question, or at least added more substance and fuel to it.

The main problem—certainly the one that brought me to the issue—the main cost, as it were, of large-scale immigration is the pressure of housing and land. The hon. Member for Doncaster, North (Edward Miliband) denied that that was a serious problem, but the Government themselves admitted, in an answer in the other place, that a third of all the households expected to be formed in future, for which housing will be necessary, are the result of net immigration to this country. Obviously, that excludes the figures for illegal immigration; if we made some estimates based on the recently published figures for illegal immigration, the number would probably be nearer 40 per cent. of all households in the United Kingdom. Net legal migration only is running at the rate of two constituencies a year, so two constituencies a year are being created in this country as a result of immigration.

By 2031, the Government expect—again, excluding all illegal immigration and assuming a slowdown from the current level of immigration—an extra 5.2 million people net in this country, solely as a result of legal migration. Those are substantial numbers, which play an enormously important part in the housing pressures in southern England, because obviously the figures are suddenly more important. Of course the bulk of migration does not go directly to Hertfordshire, where I come from, or other home counties; it goes primarily to London. But the people who would have occupied the houses that are let, allocated or sold to the newcomers to London, move out to the home counties to get housing—they have to get it from somewhere. They do not leave because they do not like the newcomers—they themselves are Londoners of all ethnicities moving out to us. That is the process: a net inflow of about 150,000 a year, mostly into London; and a corresponding outflow to the home counties, requiring very substantial house building, about which the Government refuse to talk. As my hon. Friend the Member for Orpington (Mr. Horam)—

Madam Deputy Speaker (Sylvia Heal): Order. I have been listening with some interest to the right hon. Gentleman's remarks, clearly setting the background to this debate, but it would be helpful if he would now confine his remarks rather more to the context of the Bill under discussion.

Mr. Lilley: I shall certainly follow your ruling, Madam Deputy Speaker. The Bill is about controlling immigration, and I am trying to find reasons for doing it. If we cannot find them, we cannot have a Bill, so I am sure that you would agree that we need to do so.

I was hoping to find in the Bill a fulfilment of the promise that the Government made just before the election: that they would establish an independent commission to advise on how much immigration was necessary and desirable. Sadly, I can find no such reference in the Bill, but such a commission would, I hope, analyse the arguments in favour of more large-scale immigration and see whether they were justified. If they were, we would have that advice; if not, we would obviously have even more need for the controls and restrictions inherent in the Bill.

The Prime Minister said that according to the Treasury, our economic growth rate would be 0.5 per cent. lower a year if net migration ceased. Lower growth, he said, means less individual prosperity. But economic growth is the sum of the growth in the number of workers and the growth in output per worker. The Treasury model, about which the Prime Minister was talking, says that immigration will add 0.5 per cent. to the growth in the number of workers, but will not increase output per worker, and it is only if output per head goes up that we get richer. So even on the figures that the Prime Minister quoted, he merely showed that we shall have a bigger economy, not a richer economy, and when he said that growth meant more individual prosperity, he was simply treating the facts with his normal discombobulation.

The hon. Member for Liverpool, Riverside (Mrs. Ellman) asked about the study that showed that the immigrant community makes a net fiscal contribution to this country. The report that she mentioned, which I happen to have, says:

> "Migrants in the UK contributed . . . a net fiscal balance of approximately £2.5 billion . . . This is equivalent to around 1p on the basic rate of income tax"

for the rest of us. When we look at the figures, we find that that was a year when the Budget was in surplus. Not just immigrants were paying more in than they were taking out; the whole population was paying more in than it was taking out. When we allow for that fact, half of that £2.5 billion disappears. The other problem was that the study attributed to both immigrants and non-immigrants in proportion to their shares of the population the taxes paid by foreign owners of companies. If we take that out, and if we also allow for

[Mr. Lilley]

something that the authors of the study wholly ignored—the biggest single item, probably: the accruing pension liabilities of members of the immigrant population who are disproportionately below retirement age—all that gain disappears and turns into a net deficit.

But I am not particularly arguing that immigrants are a burden, just that it is absurd to say that they are reducing the tax burden on everybody else. Rich people pay more taxes than they receive in benefits from the state, whether they be immigrants or previously resident people. Poor people, on the whole, pay less in to the state than they take out, whether they are immigrants or are born here. It is silly to aggregate them all. If one wants to use immigrants as a fiscal milch cow, one will obviously limit those coming here to high earners, but that is on the whole a rather unattractive policy.

Mrs. Ellman: Does the right hon. Gentleman discount the contribution made by immigrants to the economy generally by providing skilled services, which are often scarce, and their wider contribution to society as a whole? He seems to be relating his comments only to fiscal matters and discounting the general contribution that immigrants can and do make to society.

Mr. Lilley: Everybody in society makes a contribution to everybody else. In a free market society we are all exchanging goods and services and we are all mutually interdependent, and that is a wonderful thing. But if the hon. Lady is referring to the shortages argument—effectively to the Prime Minister's statement that

> "There are half a million vacancies in our job market and our . . . economy needs migration to fill these vacancies",

she is referring to the same misunderstanding of how economies work. Since the Prime Minister first referred to there being half a million vacancies which we need immigrants to fill, half a million immigrants have come to this country, and there are still half a million vacancies to be filled. That is not a coincidence; it is inevitable in a well-working economy, because immigrants not only produce goods and services but consume them, and the value of the goods and services that they produce is equal to the value of the goods and services that they consume. Also, in consuming goods and services they create demand for an equal net further inflow of workers, and that is why, in countries like our own where we have had a net inflow, there is still the same level of vacancies. The same is true of California, and of west Germany.

Edward Miliband *rose—*

Mr. Lilley: If the hon. Gentleman wants to display his economic ignorance yet again, he is welcome to intervene.

Edward Miliband: I am grateful to the right hon. Gentleman for giving way, but not for the manner in which he did it. I want to make a comparison with the late 1980s and early 1990s, when we saw a tightening labour market, leading to inflation taking off—I genuinely say this in a non-partisan way—and all the consequent problems that we saw in our economy. Does he not think that the continued buoyancy of our labour market combined with subdued inflation has something to do with the fact that in the south-east in particular, jobs have been filled by people coming from overseas?

Mr. Lilley: The—

Madam Deputy Speaker: Order. I really must intervene again. We do not want an academic debate on immigration, interesting though that may be, but a debate on the contents of the Bill.

Mr. Lilley: Well, Prime Minister—I am elevating you, Madam Deputy Speaker. The Bill was promised in the election, and it was promised in the Queen's Speech as fulfilling the election pledges, one of which was to bring in an Australian-style points system. Would I be in order if I were to address that, even though it is not in the Bill? It ought to be in the Bill, and the terms of the Bill will be used to enforce such a system if it is introduced via secondary legislation.

Madam Deputy Speaker: Certainly, if the right hon. Gentleman feels that certain aspects are not in the Bill that should be, discussion of them would be in order.

Mr. Lilley: I am grateful to you, Madam Deputy Speaker, for that ruling. I will therefore briefly refer to those aspects, which relate back to issues that we were discussing.

The Government have promised an Australian-style points system as their way to limit immigration. At least, that is how they presented such a system at the election. Of course, the Australian-style points system included a numerical limit and a system of taking the immigrants with the maximum number of points up to that limit. That is how it operated. The idea of the points system without that numerical limit makes little sense.

My right hon. Friend the shadow Home Secretary asked rhetorically—I was almost tempted to intervene at that stage—how a points system would work without an annual limit. We know how, because the Government have already put one in place. It is called the highly skilled migrant programme. They assess the points needed to be granted permission to enter this country. They set up the system; they set a level of points; and they found that they got a disappointingly low number of applicants. So what did they do? They reduced the number of points that people needed to be allowed into the country, until they got a welcome increase. Indeed, they were swamped by the increase, and they are now six months behind in processing applications.

When the Government establish a points system, they manipulate the points to increase the number of people coming to this country—not, as they implied at the election, to reduce the number of people coming here. I am therefore extremely suspicious of any such proposals, unless a quantitative limit is imposed. I hope that the Government will progress that proposal, if not during consideration in Committee, subsequently by secondary legislation, and that they will progress their promise to introduce an independent commission to establish to what extent we need large-scale immigration into this country from an economic point of view.

I am confident that such a commission would work if it were genuinely independent, not employer based, as the Government rather laughingly suggest. Employers will always want to employ cheap labour from abroad; there will be a demand for that. There is an almost limitless supply of people whom they could bring in from abroad in almost any profession, except possibly those that depend on fluency in the English language and familiarity with our systems, and employ at lower rates of pay than they need to provide for people from this country. Therefore, one wants a commission to be established that will make the assessment on a economic basis, rather than on a desire to undercut the pay levels of the people who are already here.

One way or another, we need to hear from the Government the reasons why they put any limit on immigration. We can then establish what that limit logically should be. We can then determine how the terms and tightening of the rules on appeals and so on in the Bill will apply at that limit, and in doing so, I, like everyone else, would want those rules applied as humanely, sensitively and rapidly as possible to minimise the harshness and damage that was highlighted so eloquently earlier in the debate by my hon. Friend the Member for North-East Bedfordshire.

8.13 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): It is very important that the Bill is discussed in the context of the Government's five-year plan for asylum and immigration. In the Bill and in that plan, there are a number of positive measures that I support. Those measures are extremely important and relate particularly to trying to reduce exploitation and trafficking. It is right that they are tough, and perhaps they need to be made increasingly tough.

I wish to concentrate my remarks about the Bill and its context on two issues that are of great concern to me. Indeed, my comments have been made in a similar way by other contributors during the debate, but I wish to add my remarks because those issues are extremely important. They relate particularly to two aspects of policy: first, the proposals on restricting appeals; and, secondly, what amounts to a fundamental change of policy in how refugees are dealt with.

One of my concerns about that fundamental change in policy on how people who are acknowledged to have a well-founded fear of persecution are treated is that, while the consequences of the change in policy are dealt with in the Bill, the change of policy itself does not appear in the Bill and therefore cannot be voted on, although it can be debated.

The change that I refer to is the proposal to end the policy of granting indefinite leave to remain to people who are accepted as refugees—people for whom there is a well-founded fear of persecution—and to substitute it with permission to stay in this country for up to five years for new cases. The people concerned may be returned to their country of origin, depending on whether circumstances have changed in that country.

I am extremely disturbed by that fundamental change of policy. Everyone who has any involvement with refugees knows how strong those refugees' emotions are. They know how often those people have suffered not only fear but perhaps torture in their countries of origin, how strongly they wish to make a new life and want the stability of a decision that gives them the certainty that they will be able to make a new life. They know that, if someone may have to return to their country of origin, where they may have been tortured and persecuted—a fact that has been recognised by the granting of refugee status—they can be in constant fear, which can be extremely harmful.

To say that someone who is accepted as a refugee can stay for up to only five years, depending on what happens in their country of origin, not only produces more instability for people who want to make a new start in their lives, but can be extremely traumatic for children. Five years can be a very long time in the life of a child. If a young child has come to this country as part of a family of refugees, is at school here, making friends and doing well in the education system, as often happens with refugees, it can be extremely traumatic for them to be told that they have to return, and that is even more traumatic for their parents. That is a matter of great concern.

We should also consider whether circumstances have changed in the refugee's country of origin. If there has been a change, how is it known that there will not be a further change to the detriment of the refugee? In countries such as Iran, Somalia and, indeed, many others, we know that there can be constant changes in situation. At some point in five years, there might be a change in the situation even though it is said that a refugee ought to return. What would happen if that person is returned and, a short time afterwards, the instability of those regimes leads to another change and the returned refugee faces persecution again?

This is a very profound change of policy, and if the Government wish to introduce it, they should include it in the Bill so that it can be voted on. We can certainly all debate and discuss that change, but it is wrong to include in legislation something with such drastic implications without including it in the Bill. I ask the Minister to think again about that change.

The other issue about which I have great concern is mentioned in the Bill, although it is not clear whether the extent of the change in policy is included in the Bill. The change relates to the restriction and, in some cases, removal of rights of appeal. Perhaps I should say the additional continuing restriction of rights of appeal because rights of appeal were reduced by previous legislation. It is clear from what happens in practice when people apply for permission to come to this country, not only for asylum, but to work, to be with their families, or to study, that in too many cases it is easy for important facts to be omitted and for errors to be made. Subjective judgments are inevitable. The right of appeal is thus extremely important so that a case can be reappraised if facts have been put wrongly, if significant omissions have occurred during judgment, or if judgments have been faulty.

The right of appeal is also important to ensure that the scrutiny of decisions can be undertaken. Reference has already been made to the high number of successful appeals. The fact that more than 56 per cent. of appeals on entry clearance are successful throws doubt on the reliability of initial decisions. If the right of appeal is to be removed, the scrutiny of such original decisions, many of which are questionable, will be removed as well. It is clear from reports by the independent monitor and

[Mrs. Louise Ellman]

the National Audit Office that the quality of initial decisions needs greater attention, but nothing in the Bill will improve that quality. There is simply a desire to remove or withdraw rights of appeal, which I find disturbing.

I am greatly concerned that it is not clear from the Bill to what extent appeal rights will be removed. Ministers will be able to make orders and put forward secondary legislation, so it is unclear whether the categories for the withdrawal of appeal rights designated under the Bill will be exclusive, or the beginning of a wholesale reduction of the important rights of appeal. I would like to hear the Minister's views on that.

Many hon. Members could cite examples of cases with which they have dealt in which rights of appeal proved to be extremely important. I shall cite just two examples that illustrate my point. In one case, Dr. A, a prestigious medical person, wished to visit this country on a work-related visit involving members of his family. He had a sponsor with financial security. Owing to the person's specific situation, the sponsor arranged the detail of the proposed visit. At interview, Dr. A was unable to answer questions about the precise detail of his visit to the UK because that detail was being organised by his sponsor, so he was refused permission for his visit. It was only when that fact was pointed out on appeal that the visit was granted. In that case, a proposed visitor appeared to be unable to answer a question of significance without the questioner understanding why he could not answer it, although the matter was easily clarified on appeal.

I cite a further case. A young lady, Miss B, is extremely ill with a life-threatening disease. She requires constant care and is extremely unhappy and desperate. She wants her mother, who lives in the far east, to come to stay with her, so it would not be a normal visit because its purpose would be to allow the mother to look after her daughter. At interview, the mother, who was extremely distraught, was unable to answer clearly questions from the interviewer about the length of time that she wished to spend in the country or to give precise details of her daughter's illness. Medical evidence now clearly shows the nature of the illness and we know that the mother was unable to answer detailed questions because she was too distraught about her situation. The matter is still being reviewed, so that shows why it is important to have an appeals procedure.

The Home Secretary spoke about the importance of immigration at the start of the debate. Indeed, he said that we welcome immigrants who come within the rules of this country. I support what he said because I welcome immigrants coming to this country, whether they be asylum seekers with a well-founded fear of persecution, or people who wish to work in this country and contribute to it. I am worried that the Bill and the context in which it is put, with restrictions on appeal rights and the drastic change to the treatment of people who are recognised as refugees, sends out the very different message that refugees and immigrants are not so welcome. I accept that that message might meet with populist support, but it is not consistent with the Home Secretary's words or my views.

I ask the Minister to comment on the points that I have raised in his winding-up speech and to think about them again in Committee. They might be points of detail, but they are also points of substance about matters that cause me great concern. I listened carefully to the speeches made by my hon. Friends the Members for Leicester, East (Keith Vaz) and for Walthamstow (Mr. Gerrard) and associate myself with their comments. I, too, will be looking closely at what happens to the Bill in Committee. I support a diverse, multicultural society. I oppose the exploitation and abuse of immigration laws, so I support strong measures to deal with that. However, I also want fairness, and I am worried that the measures that I have discussed in my speech are not about fairness, even though they might be populist.

8.27 pm

Mr. Charles Walker (Broxbourne) (Con): Thank you for calling me, Madam Deputy Speaker. I assure you that there will be no academic arguments from me—I leave those to my hon. Friends.

As hon. Members on both sides of the House have pointed out, this country has a proud tradition of taking people in from abroad. We benefit from foreign doctors, nurses, teachers and, of course, bankers, so there are many positive aspects to immigration. However, many of the advantages that immigration brings to this country are being obscured by a system that is still widely perceived to be failing. It is incumbent on all elected politicians in the Chamber to find a way forward that restores public confidence in our immigration and asylum system.

I am worried that if we fail to fix the system, many more constituencies throughout the country will be faced with the problems that we currently experience in Broxbourne with the British National party. As many hon. Members are aware, the BNP uses the problems surrounding this country's immigration system as an active campaigning tool to recruit people to its standard. Whether appealing to Conservative or Labour voters, the BNP message is the same: "The established parties don't care who comes to this country. They want to create a free-for-all at your expense." Thankfully, most people still have nothing to do with that nonsense. Their concerns about immigration are far outweighed by their dislike for the BNP and its hateful policies, but we cannot rely indefinitely on the good sense of the British public to keep the BNP at bay. We must also do our bit as their elected representatives.

The BNP already has a councillor in Broxbourne and at the last general election it managed to double its vote to 2,000. It came within a whisker of saving its deposit. Our one major success was that we stopped it doubling its representation on Broxbourne council by taking the second seat in Rosedale ward. However, the BNP remains a threat. In my constituency, it is well organised, works hard on the ground and has the capacity to draw in activists from across the region. Its campaigning techniques are aggressive and at times intimidating. As one constituent said to me, "It's hard to slam the door in their face when they've got their bodies in the way."

The BNP message is deeply depressing and makes no concession to the truth. Every black or Asian face in the community belongs to an illegal immigrant, with no

distinction made. We worked hard to beat the BNP in Rosedale. We had an excellent local candidate, Dave Lewis—

Madam Deputy Speaker: Order. The hon. Gentleman should confine his remarks to the content of the Bill, interesting and important though his comments are.

Mr. Walker: My experiences of Broxbourne confirmed to me that the BNP must not and cannot be dismissed lightly. It has tapped into a seam of disquiet and will continue to mine it as long as we allow it to do so. Hon. Members can only imagine the collective cheer that went up from Nick Griffin and his mates when the Prime Minister was forced to admit that he had no real idea how many illegal immigrants currently reside in the UK. Statements like that are the stuff of BNP fantasies. They are the oxygen of its recruitment drives and provide a rich source of text for its leaflets. They allow Nick Griffin to say, "I was right. Your Government, your elected politicians are no longer in control. The things that matter to you don't matter to them."

If the House is genuinely committed to stemming the rise of the BNP, we must ensure that an immigration system is put in place that carries the confidence of the British people. It must be seen to be fair and transparent. The system must make room for genuine asylum seekers while rewarding those immigrants who follow our laws.

The next time there is a general election, I want to be able to look my constituents in the eye and reassure them that their Government, whoever it may be—but it will probably be this one—have taken control of this country's ports of entry, making it almost impossible for people to enter the UK illegally.

Stephen Pound (Ealing, North) (Lab): You heard it here first.

Mr. Walker: I assume that this Government are not going to give up and go home before the next general election is called.

I want to be able to tell my constituents that the Government will only allow people into this country who are in genuine fear of their life or who have applied through the correct legal channels, and that the emphasis is on quality not quantity, so that the people coming to this country bring with them scarce skills that can be put to immediate use. I also want to be able to tell them that those people who have entered this country illegally are being identified and removed swiftly. If I can tell my constituents those things, the BNP in Broxbourne will have reached its high watermark on 5 May 2005. If we beat the BNP and erode its support base, we will have done something meaningful to improve the lives of those people who are seeking to start afresh on our shores. We will draw the poison of racism from our communities, ensuring that the British traits of tolerance and compassion continue to carry the day.

8.33 pm

Stephen Williams (Bristol, West) (LD): I want to return to the content of the Bill, in particular the remarks of the hon. Member for Liverpool, Riverside (Mrs. Ellman) on the removal of the right to appeal against the decisions of an entry clearance officer, as contained in clause 4. I also want to focus on international students, the subject of many interventions earlier in the debate.

The hon. Member for Leicester, East (Keith Vaz) said that 120 vice-chancellors wrote a letter that appeared in the *Financial Times* today, expressing their dismay at the content of clause 4 and many other aspects of policy, including the Government's recent decisions to tighten the entry clearance obligations faced by international students. I raised with the Secretary of State for Education and Skills the subject of visa fees as part of the system, including the unwelcome signal that the rise in fees sends to international students. The Minister for Immigration, Citizenship and Nationality mouths, "Rubbish." I accept that the amount of the fee may not be an economic barrier in relation to the tuition fee that the student pays. None the less, it is indicative of the Government's approach that they are making it harder for international students to apply to study in this country. Although the fees themselves may not be an economic barrier, the removal of the right to appeal against an entry clearance officer's decision is a barrier to students coming to this country, and there is a danger that we will lose them to other countries such as Australia, Canada, New Zealand and the United States, which are all competing for that key international business.

The hon. Members for Ealing, Southall (Mr. Khabra) and for Leicester, East referred to the huge powers that entry clearance officers have under our current immigration system. Their decisions can certainly be made on subjective grounds. The removal of the right of appeal against such decisions effectively makes an entry clearance officer infallible, and his decisions or the grounds on which it has been made cannot be challenged. I have only been the MP for Bristol, West for two months, so I cannot match the experience of the hon. Member for Walthamstow (Mr. Gerrard), who has debated five immigration Bills and has undertaken years of constituency work. In those two short months, however, I have certainly learned something from the vast majority of people who come to my constituency surgery. More than three quarters of them come to see me about immigration cases, and I have learned that entry clearance officers often make ludicrous decisions. They are certainly not infallible.

My hon. Friends the Members for Orkney and Shetland (Mr. Carmichael) and for Twickenham (Dr. Cable) referred to the evidence presented by the university of Sheffield, which found that 90 per cent. of initial refusals of permission to study in this country by entry clearance officers are overturned on appeal or, more likely, once the facts are clarified before an appeal is even heard. If there is no right of appeal, a process to examine the facts will not be initiated, so many cases will be closed at the outset and the individuals concerned will study elsewhere. This morning, the Minister conceded that 1,200 appeals—I think that I heard him correctly—by students under the existing legislation were upheld last year. If clause 4 eventually stands part of the Bill no appeals will be upheld, and gross injustices will be suffered by numerous individuals who might otherwise come to this country. Studying here would benefit them directly but it would also benefit us.

[Stephen Williams]

There are 3,200 international students at the university of Bristol and the university of the west of England. They make a huge contribution not only to those universities but to Bristol's cultural life and economy. If the clause remains in the Bill, there is a serious risk that British universities' research base would be damaged irreparably, particularly in science and engineering, which are important for the aerospace industries in Bristol. I hope that in Committee the Government will reconsider clause 4 in the light of our proposals.

8.38 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): My grandfather came to this country in 1940 with many Polish airmen and servicemen. This country has a tremendous tradition of allowing people to come here when they are in need. People came here during the war to fight in the battle of Britain, but afterwards they were allowed to stay, because communism had descended on their countries of origin and they would have been at peril had they returned. We have built up a tradition of tolerance and of looking after people in need from other countries, and I am very grateful for that.

The Bill does not address the changes that are taking place to immigration to this country or the changing nature of immigration. It does not address the position of the 500,000 or so people who are illegal immigrants in the United Kingdom. It does not state how those people are to be identified and how they will be deported. Those are important issues. There has been little discussion about improving the method of dispersal of asylum centres. Recently, the Government proposed to place an asylum centre in a tiny village in Shropshire, close to Shrewsbury. That caused great distress to the local villagers and a great deal of anguish. The Bill does not explain how the asylum processing system will be improved so that there will be no need for such asylum centres in the future.

There are countries in Europe that are tackling the issue—for example, Denmark, which is a socially liberal country and has had a Labour Government for many years since the war. Denmark has a quota on immigrants and a proper policy, and it has recently started to tackle the problem of illegal immigration. There is nothing in the Bill about a quota on the number of immigrants allowed into our country. Denmark's policies have been praised by many national institutions.

There has been little discussion of how to deal with the long-term reasons for illegal immigration. The Home Office is tinkering at the edges and making a few changes in our country, whereas it should be working with the Foreign Office to get countries around the world to take responsibility. I was visiting the Kenya-Somalia border when there was a crisis in Somalia. I have never seen anything like the treatment by the Kenyan authorities of refugees who wanted to escape persecution in Somalia and reach the first free country. They were turned away. Some were brutally pushed away. Kenya and other democratic countries must take responsibility for helping with refugees. At present, people from Somalia are getting on a plane and coming to the United Kingdom. That is what the Government should be dealing with.

The source of illegal immigration must be tackled. The Prime Minister recently visited Tripoli and had a meeting with Colonel Gaddafi. I hope he uses that communication with the President of Libya to make sure that that country takes responsibility for stopping all the illegal immigrants who pour into Libya from neighbouring sub-Saharan countries and use Libyan ports to get across the Mediterranean in a clandestine way to places like Italy, Malta and France and from there to the United Kingdom. There should be more joined-up government. The issue is one for the Home Office and the Foreign Office to work on together.

Finally, I welcome the proposals to tighten the rules on the employment of illegal immigrants. We had a case in Shrewsbury of somebody employing people illegally. They were housed in stables fit only for horses. It was an appalling case. It did not happen in London or some major conurbation. It happened in a tiny village called Dorrington, just south of Shrewsbury, so the problem occurs even in rural areas. The conditions in which those people were held were dreadful, yet, as we have heard, there have been few convictions. There have been 24 prosecutions since 1998 and only nine convictions of people illegally employing illegal immigrants. I do not see how the Bill will tackle that problem.

8.44 pm

Mr. Lee Scott (Ilford, North) (Con): In the two months since I was honoured to be elected as Member of Parliament for Ilford, North, I have had more than 100 immigration and asylum cases to deal with, and I hope that this Bill will address some of the problems that my constituents have been experiencing.

We must deal with people in a fair manner and with compassion and common sense, but also quickly. In several of the cases that I am dealing with, some of which I have inherited, it is a question not so much of 13 weeks but of 13 months, and I sincerely hope that it does not become 13 years. One case involves a lady who has been given leave to stay, as has her younger child, but her older child is still waiting for it. Can that be right? Some cases involve people who wished to visit for relatives' weddings and have shown the necessary proof but have missed the occasion because they were never given their entry visas.

Does the Home Office have enough staff to deal with these cases? I do not wish to get anyone into trouble, but during a recent phone call to inquire about one of my constituents, I was told that it was inundated and could not cope. Will the Minister look into that as a matter of urgency and ensure that more staff, properly paid, are dealing with these cases to try to clear the backlog? I do not wish to sit in judgment on whether someone should stay in this country, but I do believe that out of respect for them we should deal with their case quickly and let them know where they stand.

Why is the Home Office getting things so wrong? Is it because the numbers are so vast? If I have had 100 cases—I accept that not every Member of Parliament will have had that number—that must mean that thousands of cases have come in over the past eight weeks. Multiplied over the year, that is 96,000 cases.

On 6 June, the Law Society issued a press release that says:

"Poor decision making by the Immigration Service combined with changes to the law could prevent significant numbers of people from visiting their families".

We must tackle this. It cannot be right that people cannot visit their own families who are allowed to stay in this country.

The Labour party's immigration policy says:

"We will support family life by admitting the spouses and minor dependent children of those already settled in the UK. We will ensure that the asylum decisions are both swift and fair and fully meet the UK's obligation towards refugees under international law. And we will detect and remove those entering and remaining in the UK without authority and take firm action against those profiting from abuse of the immigration laws, including effective preventative measures."

The current system is not working; it is in chaos. I hope that the Bill will go a long way towards tackling that, but I fear that it will not.

8.48 pm

Dr. Vincent Cable (Twickenham) (LD): I start by referring to the excellent speech by the hon. Member for Leicester, East (Keith Vaz), particularly now that he is back in his seat. He struck a chord with me when he explained his dilemma in wanting to vote against the Bill. Like him, I am a serial loyalist—indeed, in my party I am the payroll vote—so I would find it difficult to bring myself to vote against it. However, I share many of his reservations.

I have three points to make: first, a point relating to administrative procedures and processes; secondly, a personal point; and thirdly, a point to do with economics. Although I disagreed with much of what the right hon. Member for Hitchin and Harpenden (Mr. Lilley) said on the latter subject, he introduced an element of rigour into the arguments that was hitherto lacking.

The hon. Member for Leicester, East is absolutely right that the issue of processes and procedures is a useful place to start, and it is where we start as constituency MPs. My constituency has only a small ethnic minority population—just under 10 per cent.—but well over half my casework concerns immigration and asylum. There is something fundamentally odd and very wrong about that. It takes that form for two reasons. The first is that there are enormous problems with administrative hold-ups, which the hon. Member for Leicester, East described, such as the four-year expiry of exceptional leave to remain, the 13-week letters and so on. Members of Parliament are constantly drawn into problems that arise simply from administrative slowness and inefficiency in the immigration and nationality directorate.

The second reason is more important and more directly related to the Bill—it is the functioning of entry clearance officer procedures. It is important to stress, especially in the context of the Bill, that we are considering not immigrants or asylum seekers, but visitors—people who want to visit their families or visit the country as students or temporary workers on a work permit. We are worried about the procedures that apply to them. Like the hon. Member for Leicester, East, I have many cases in which entry clearance officers—I am sure that they are perfectly honourable, highly efficient British servants, who are trying to do their best—make decisions that are often arbitrary and subjective. That is the nature of the decisions that they are required to make.

I get more and more rejection forms, which probably relate to people who spent a couple of days travelling to Delhi, Bombay or Islamabad and paid a large sum for a visa. It is clear from the documentation that they have been impeccable in their application, whether it is for a family or a study visit. All their sponsors are lined up and their colleges have produced authentic documents. However, entry clearance officers often conclude that they find it impossible to believe that people of such modest means would wish to return to their country. The purpose of the appeal is to challenge that sort of subjective judgment. We have heard of many cases, especially in relation to student visas, for which the right of appeal is a crucial discipline.

Several hon. Members—the hon. Members for Walthamstow (Mr. Gerrard) and for Wellingborough (Mr. Bone) intervened to make the crucial point—said that if we are trying to improve the quality of the initial decisions, the best way of doing that is to ensure that there is provision for an appeal so that the quality of the argument is improved from the outset. The loss of the appeal mechanism is a crucial and negative aspect of the Bill.

I want to make a personal point that goes back a long time. I first became concerned about the trend in British immigration legislation almost 40 years ago. I can trace that concern back to a specific day—21 July 1968, the day I got married in Nairobi. I was a British man marrying a British woman, but I happened to be white and she happened to be Asian. She is now dead after many years of happy marriage. A few weeks after we were married, a law was rushed through the British Parliament that effectively declared not her—because she was married to me—but her family and most of her friends stateless. They were British citizens but they were arbitrarily deprived of their entry rights. Some of her family eventually got here and made a major contribution to education and business, but most of them were scattered to the winds, to other parts of the world, where they contributed to those societies.

That experience was important because it taught me that we have immigration panics every few years in this country. A wave of emotion flows through Parliament, a populist politician and the press, and there is a call for something to be done. I remember reading articles almost 40 years ago in the context of the Kenyan Asians about our overcrowded island. The question of how we could cope with a few thousand more people was asked. The population then was about 10 million fewer, but it was still an overcrowded island and "something had to be done." Legislation was rushed through, by a Labour Government then, that deprived a specific group of people, put them under immigration controls and removed an appeal here and there, and the process has continued ever since. The Bill is yet another response to that sort of emotional pressure. There will be another one four, five or six years down the line.

I want to consider the economic aspect of the measure. Now that the right hon. Member for Hitchin and Harpenden has returned, perhaps I can compliment him on trying to introduce some rigour into the argument. He is right that many of the economic arguments for immigration are often spurious and superficial. It was important that the Home Secretary started his speech with the rather bold assertion that Britain needs economic migration. I happen to agree

[Dr. Vincent Cable]

with him, but that case is often casually put and not properly argued. I think that the hon. Member for Doncaster, North (Edward Miliband) got the argument right on about his fourth attempt, when he said that an economy can run at a much higher level of capacity if it has people coming in who are flexible and entrepreneurial and who can change their working patterns and move around. These things are very difficult to quantify, but the Governor of the Bank of England—hardly an economically illiterate man—has attested to the fact that the British economy is able to function at a significantly higher level of activity than it would be able to without the current flow of immigration.

Mr. Lilley: How does the hon. Gentleman explain the experience of the German economy, which, despite a very large inflow of migrant labour both from East Germany and from Germans returning from all over eastern Europe and Russia, seems not to have the buoyancy that he believes such an inflow has caused us?

Dr. Cable: The German economy has many problems. One could argue that macro-economic mismanagement and, above all, an extreme rigidity and lack of flexibility have cancelled out many of the benefits that the immigrant work force might have brought. Germany certainly flourished in the post-war period on the back of a great many immigrant workers. However, Madam Deputy Speaker, you have pointed out that you do not want us to go too far down that road, so I shall restrict my comments specifically to the Bill.

The Government have not addressed the fundamental question of the economics of immigration. They have tried to make a distinction simply between the legal and the illegal, and want to bring in new powers to clamp down on racketeers. I think that we would all broadly endorse that, but it has been pointed out that powers already exist in the Asylum and Immigration Act 1996—they were strengthened in the 1999 Act—to deal with racketeering and the serious abuse of immigration rules. They have rarely been invoked, and it is difficult to see what the new legislation could add that would be helpful.

Indeed, many aspects of the Bill are very worrying. Employers already have to go through a substantial process of compliance in order to meet the employment requirements of the 1996 and 1999 Acts. When we debated the Bill that became the 1999 Act—I served on its Standing Committee—it was pointed out to us by employers associations that to be fully compliant, a company had to carry out approximately 50 tests to establish that all its employees were compliant with visa and other immigration requirements. That was an enormously difficult administrative task.

What is crucial about this new piece of legislation is that it will penalise companies even if they are unwittingly employing illegal immigrants. The Home Secretary did not make that point. He concentrated on the deliberate criminal abuse of the immigration rules, but he did not stress the key new element of the Bill, namely, that such unwitting behaviour by employers will lay them open to substantial charges. I can see no reference to a regulatory impact assessment of the Bill. Perhaps the Minister will tell us whether one has been, or is going to be, carried out, so that we can have some idea of the implications for employers who are going to go through this process.

Because the process is difficult, particularly for small and medium-sized firms, many of them will, understandably, take the safest course of action when faced with someone with dark skin or a foreign accent who is looking for a job—they will simply not employ them. Of course, that will then open them up to challenges under race discrimination legislation. The balance that will have to be struck in order to deal with this problem is, I believe, going to be set out in a code of conduct, but none of us knows what it contains. Some very worrying conflicts could arise for perfectly law-abiding, fair-minded employers.

In addition, companies will face a new set of charges, which will be set according to civil, rather than criminal, proof. It will be easy to impose a charge on an employer on an allegation that they have unwittingly hired an illegal immigrant. That is a potential nightmare for law-abiding employers and hundreds of thousands of small and medium-sized companies that do not have the capacity to engage in sophisticated compliance. At an early stage, we need a proper statement from the Government about the implications for the employer.

I want to support the comments of my hon. Friend the Member for Bristol, West (Stephen Williams) about students. It is clear that overseas students make an enormous contribution to British universities, both intellectually and financially. They account, I think, for about 10 per cent. of undergraduates and 38 per cent. of postgraduates. What is worrying is that Britain is already seeing a significant slowdown in the number of overseas students coming here, contrary to the Prime Minister's expressed ambition to make Britain a magnet for overseas students. There are several reasons for that, such as the world economy, trends in countries such as China, visa fees and the additional deterrent of the removal of appeals in student visa applications. As I pointed out in an intervention, if universities in this country see their source of income from overseas students drying up or substantially decreasing, they might have no alternative but to resort to other sources of income generation, the most important of which is top-up fees. Universities will come under great pressure from their vice-chancellors to demand much higher top-up fees than we have seen so far. That is one of the unintended consequences of this tightening-up of immigration control legislation.

Many aspects of the Bill worry me and I would be tempted to vote against it were there a consensus, but I think that we will all be well-behaved and abstain. There are many sources of concern, however, and I trust that at least some of them will be resolved before Third Reading.

9.2 pm

Mr. Humfrey Malins (Woking) (Con): It is always a great pleasure to address a full House, and tonight is no exception. *[Laughter.]* We have had a good debate, with some excellent contributions from both sides of the House and from all political parties. Perhaps we have more in common in terms of our approach to certain issues than might be thought outside. It is good to have

a debate conducted in a good-tempered, constructive way, which contrasts with the inflammatory approaches sometimes presented in the newspapers.

Briefly, I want to thank some of my hon. Friends for their contributions. My hon. Friend the Member for Broxbourne (Mr. Walker) spoke for the whole House when he said how important it was that the asylum and immigration system should carry the confidence of the people. He was right to express his opposition, reflected throughout the House, to the British National party and everything that it stands for.

I enjoyed the contribution of my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), who spoke movingly of his experience of the treatment of refugees on the Kenyan-Somalian border. My hon. Friend the Member for Ilford, North (Mr. Scott) said rightly that dealing with applications quickly was important, as it would demonstrate our respect for those who make an application. My hon. Friend the Member for Orpington (Mr. Horam) was absolutely right to allude to the need for more efficiency and less legislation, to which I shall refer shortly.

My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) said that he wondered whether he would be accused of being—I hope that I have his words right—a "cranky libertarian" or a "dangerous racist". The truth of the matter is that he stands accused of being neither. His was a powerful speech from a colleague who knows the subject deeply, always speaks in measured tones, and from whom we have come to learn a great deal in recent months on this topic.

My hon. Friend the Member for North-East Bedfordshire (Alistair Burt) made a moving and powerful speech, which held the attention of all in the House. His track record over the years of commitment to his constituency and issues involving the Yarl's Wood centre is well established, well known and much admired, and his observations about the Zimbabwe detainees moved the whole House. We were extremely pleased that he was able to make such an excellent contribution to the debate, and I thank him for it.

A number of Labour Members spoke—not always, I must say, in support of the Government. I was particularly pleased to hear from the hon. Member for Stoke-on-Trent, Central (Mark Fisher), who always speaks in a decent, humane and knowledgeable fashion. The expertise of the hon. Member for Leicester, East (Keith Vaz) in these matters is extremely well known and is matched only by his commitment to his constituents, which he has demonstrated for many years. He and many other speakers raised constituency issues. That shows that all Members—the hon. Gentleman is a shining example—take asylum and immigration issues raised by their constituents very seriously, and do their best to deal with them.

The hon. Member for Walthamstow (Mr. Gerrard) is extremely knowledgeable about such issues. He made me smile, because he said more or less what I was going to say: serving on a Standing Committee considering an asylum Bill is very ageing. The hon. Gentleman has been doing it for a long time, and I feel that I have—and I have aged visibly each year when we have had to deal with yet another asylum Bill. His help in Committee, however, will be as invaluable as ever. There were extremely interesting contributions from other Members as well.

I think that, in one way or another, I have been involved in all three of the most recent major asylum Bills over the past few years. I believe that in Committee I have spoken on some 400 clauses, most of which seem to have been introduced as Government amendments on the last day of the Committee stage. That makes my point for me. Most of us regret the Government's insistence on more and more legislation, accompanied by less and less efficiency and proper enforcement of existing law. I directly accuse the Home Office of having been inefficient in many ways over the past seven or eight years, and I shall illustrate that shortly. I exempt from any criticism, however, not just the individual Ministers with whom I have dealt—the Minister for Immigration, Citizenship and Nationality is no exception: he always shows great courtesy—but the private office, which is consistently helpful to Members who contact it.

The tendency to legislate is becoming almost a disease in the Home Office. Why can it not focus much more on enforcing properly, and administering properly, the existing law that has been built up over a number of years? That tendency to over- legislate is illustrated by yet another Home Office Bill—the Violent Crime Reduction Bill, which appeared a week or two ago and which deals with crimes associated with alcohol and knives. The truth is that all these issues are amply covered by existing legislation, and more legislation is not needed.

My general proposition is this. The Government should talk less but do more. They should not legislate so much. A smart headline is no real substitute for efficient action. Let me give an example of talk as opposed to action. The hon. Member for Walthamstow and others will recall the flagship asylum policy of 2002—the establishment of a number of accommodation centres in rural areas to house young asylum seekers. That was going to cure the problem. It was a major part of the Nationality, Immigration and Asylum Act 2002. A huge amount of time was devoted to debate on the issue, and millions of pounds were spent on it. Perhaps the Minister will tell us just how many millions were spent. The Government thought that accommodation centres were the answer to all the problems, despite opposition to them. Can the Minister tell me how many of those centres are up and running today? The answer is: none. That great flagship policy has been quietly ditched. How much money has been spent on it? I simply do not know. I would like to find out, but I doubt whether the Minister will tell us.

What about another issue—the removal of failed asylum seekers? Three or four years ago, the Government set out their target. They said, "We have a target and we are confident that we will meet it. We will be able to remove 30,000 failed asylum seekers a year from 2003 onward." What happened? They could not do it and that policy was abandoned. It collapsed.

Keith Vaz: The hon. Gentleman mentions Labour party policies. It was of course Conservative party policy that asylum applications be processed on an offshore island. Is that still party policy, or have we moved on?

Mr. Malins: It is as though I am in a dream. Every time that I speak in an asylum debate, I spend five

[Mr. Malins]

minutes paying huge compliments to the hon. Gentleman about his tremendous speech—*[Interruption.]* I am far too generous, as my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) points out—only for the hon. Gentleman to make a not-very-kind intervention on me. I can answer him very well indeed. There is a major difference between our policy and the Labour party's policy, and it is simply this: we believe in controlled immigration. It appears to me, given what previous Home Secretaries have said, that Labour do not believe in immigration controls.

Keith Vaz *rose—*

Mr. Malins: I want to make progress; this is not just a debate between the hon. Member for Leicester, East and me.

As for the policy of dealing with claims offshore—*[Interruption.]* The hon. Member for Walsall, North (Mr. Winnick) makes a sedentary intervention and it is very nice to see him join the debate—even at this late stage. We did see him earlier, briefly. It is indeed our policy that Parliament set a quota for the number of people settling here each year, and in due course, we would move toward a policy of region-of-origin applications, rather than applications through this House.

Keith Vaz *rose—*

Mr. Malins: In giving way briefly to the hon. Gentleman, I should point out that there is quite enough by way of Home Office failure in the past nine years to occupy us in a very lengthy debate. It is those failures to which I shall return shortly.

Keith Vaz: I am most grateful to the hon. Gentleman for giving way a second time. I just wanted first to thank him for his kind compliments; I did not wish to be rude or unkind to him. But given his strong feelings about this issue and his legal background, I cannot understand why he and his party are supporting a Bill that will remove the right of appeal in some cases. I find it extraordinary that they should support such a Bill.

Mr. Malins: The hon. Gentleman does not find it extraordinary at all. I have known him long enough to realise that he is indulging in a bit of mischief. The truth is that there are parts of this Bill with which we agree, and by giving it a Second Reading we will be able to look at it carefully in Committee. Furthermore, a great deal will emerge during the summer that we will want to examine and debate in the autumn.

I return for a moment to removals. The policy collapsed—the Government must accept that—but what is happening now? Including dependants, only 14,000 failed asylum seekers were removed in 2004–05, which is 21 per cent. fewer than in the previous year. Let me illustrate another of the Government's failures—sham marriages. The Immigration and Asylum Act 1999 placed a duty on registrars to report to the Home Office those marriages that gave reasonable grounds for suspicion of a sham. What did the registrars do? They reported their suspicions in the thousands. What did the Home Office do on receipt of those reports? Virtually nothing. As one senior registrar told me, it was hardly worth reporting suspicions to the Home Office because the registrars well knew that nothing would be done following any such reports. There were many thousands of sham marriages over a five-year period, but how many prosecutions? It is another example of having legislation, but no action to follow it through.

Let me give a little advice to Home Office Ministers about what they should do, and I shall try to be constructive. First, will the Government please ensure that those who take initial decisions in asylum and immigration cases are properly trained and thoroughly expert? The whole House believes that that is important. The quality of initial decision making still gives great cause for concern throughout the House and throughout the immigration world. When I tabled a parliamentary question on this matter a couple of years ago, I was astonished to find out how little training was given, even though for the individuals concerned the decisions are sometimes a matter of life and death. I was astonished not only at the lack of training, but at the very poor pay.

What is needed is a driving up of the quality of initial decision making, which will greatly assist the immigration and asylum world, and then we must speed up the whole process. Delays, delays, delays: it is still not good enough that more than 6,000 asylum applications per year have to wait more than three months, even for an initial decision.

I turn now to a question about initial decisions, which I asked the Home Secretary about five months ago. The answer was effectively that, as of last June, a total of 8,900 asylum cases had been awaiting an initial decision for more than six months. I do not believe that that is satisfactory. It is an unacceptable lack of efficiency by the Home Office, and emphasis must be placed on reducing that time.

The Government should also be able to keep better track of the whereabouts of asylum seekers. Effective removals are impossible unless they do. I tabled a parliamentary question about that matter last month and the Home Office replied, stating that it was going to manage asylum seekers "much more closely" through "various means", including the use of "electronic monitoring". Will the Minister tell us tonight what those various means are and how many will be affected by electronic monitoring?

While on the subject of returns, will the Minister tell us more about the success rate of the voluntary returns policy of failed asylum seekers? In particular, how much public money has been spent returning failed asylum seekers to the Czech Republic over the last few years—only to find, of course, that they are entitled to return here anyway?

Let me conclude my criticism of the Government by saying that they need not only efficiency, but humanity. As my right hon. Friend the shadow Home Secretary said earlier, one of the more unpleasant aspects of Government policy over the last few years has been ensuring that more and more final decisions are made by Home Office officials with less and less involvement of the courts. We saw that in the Asylum and Immigration (Treatment of Claimants, etc.) Bill 2004, where the

Government tried to oust the jurisdiction of the courts entirely. That was a very wrong thing to do. Many Labour Members in their places behind the Home Secretary tonight also believed that it was a wrong and horrible thing to do and it was through a combination of such Labour Members, Conservative and Liberal Democrat Members and the other place that the Government were persuaded to change their minds. Otherwise, the courts would not have been involved at all.

I told the hon. Member for Leicester, East that we could support some aspects of the Bill. Clause 11 introduces the civil penalty for employing an adult subject to immigration control. We do not have a big problem with that in principle. Clause 17 introduces the criminal offence, but I wonder whether it is necessary. There is no lack of existing criminal law in that area. Surely it is already illegal under section 8 of the Asylum and Immigration Act 1996 for an employer to hire a person subject to immigration control where that person lacks permission to work in the UK. If the 1996 Act was a good piece of legislation, why have not more prosecutions been brought under it? If it was bad, will the Minister say why the Government did not attend to it five or six years ago? Why have they waited until the ninth year of their term in office before looking at it?

I am sure that the House would like a few more details about the factors that the Home Secretary will consider in determining the amount of the new civil penalty. The Bill states that an employer will be excused

"if he shows that he complied with any prescribed requirements in relation to the employment."

However, none of those prescribed requirements are set out in the Bill. I hope that the Minister will publish some of them over the summer.

The Government have promised a so-called points system for immigrants. I want to make a plea on behalf of those who deal with work permits. Any reforms in this area should bring efficiencies, but they must not damage Britain's competitiveness. I hope that the Government accept that there is a clear distinction between people wishing to emigrate to the UK on a permanent or semi-permanent basis, and those whose companies need to transfer them here to work on specific, short-term projects. If we are to remain competitive, companies must be able to deploy international staff flexibly.

Many hon. Members referred to clauses 1 to 5, which deal with appeals. These provisions are troubling. The clauses cut various rights of appeal, and some of the provisions could result in unfairness. Clause 1 takes away the right of appeal against an adverse decision in relation to varying leave to enter or remain. That may hit genuine students, who could also be hit by other elements of the Bill. There is a danger that taking away students' rights of appeal when initial decisions are often flawed will mean that the quality of those initial decisions will become even worse and more arbitrary. If an appeal cannot be mounted against a decision, the person making the decision will be less likely to concentrate hard on making sure that it is correct.

Have the Government considered delaying the removal of the right of appeal until there has been a demonstrable improvement in decisions made by entry clearance officers? The arguments about the value of international students have been well deployed in the debate by several hon. Members, and I shall not go through them again. However, when the Bill is considered in Committee this autumn, I judge that there will be many amendments and speeches in support of the concept of the value that international students bring to this country.

I conclude by saying that the tenor of debate has been friendly and constructive. Much information about the Bill will emerge over the next two or three months, and I urge the Home Secretary and his team to ensure that the House is kept fully informed about his plans. I also urge him not to submit 50 Government amendments suddenly, at the end of the deliberations in Standing Committee. A great failing in the past is that not enough time has been set aside to permit the Committee to debate matters properly. It is important that that does not happen with this Bill.

Like the Government, we want the system to be humane and efficient. I promise the Minister that the Opposition will work hard over the rest of the year to be constructive and helpful in every respect.

9.23 pm

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): I also think that the debate has been very good natured and good tempered, and that many contributions have been very well informed. That is not so true of some of them, but I shall return to that shortly.

Two perspectives must be kept in mind. First, the backdrop: it is simply not good enough for people to talk constantly about chaos and crisis, and to besmirch—sometimes with a wide brush—every official at the Home Office or the immigration and nationality directorate. There is, and must be, room for a substantive and mature debate on asylum and managed migration, but that debate must reflect reality. I appreciate that we have not had a whole lot of the rather feeble Enoch Powell impressions that we had during the election, and that is good. However, the sub-text is important. We have had a 75 per cent. reduction in intake since the peak in October 2002. It has fallen back to 1997 levels.

Several points need to be appreciated to colour a substantive debate on the issue. The initial decision backlog is the lowest it has been for a decade. More than 80 per cent. of new substantive applications on asylum get an initial decision within two months, except for one quarter in 2004, where it was 77 per cent., compared with an average of 22 months or more in 1997. From my own constituency experience, I can tell the House that the wait was substantially longer than that before 1997, but that is by the bye.

United Kingdom figures for asylum applications fell by a greater proportion than in the rest of the EU—by 33 per cent. compared with a 17 per cent. average for the other member states. Airline liaison offices resulted in more than 33,000 inadequately documented passengers being denied boarding by the carriers in ALO locations in 2003. Let us have the debate, but let us have it in those terms.

[Mr. Tony McNulty]

I listened with care to the right hon. Member for Hitchin and Harpenden (Mr. Lilley). For some time, he has been making the substantive case about the merits or otherwise of economic migration. It is a valuable contribution to the debate and I do not think that he is opportunistic, racist or cranky. I do not necessarily agree with anything that he says, but I welcome his measured contribution to the debate.

The facts on migration are available. It is not enough to say that we all accept that some migration is necessary or that refugees under the 1951 convention are acceptable, almost in passing, and then move on to knocking the system and saying that it is in chaos or crisis. I would say to the three new Conservative Members who contributed to the debate that such talk is what feeds those who would do us all down. As the hon. Member for Broxbourne (Mr. Walker) said, we do need a fair, transparent and speedy system, but it is not enough to say that and then, in the next breath, legitimise the Nazis—as we are allowed to call them now, following a recent judgment—by saying that if we do not improve matters, we give them succour. That misses the point entirely.

Mr. Walker: Will the Minister give way?

Mr. McNulty: As I have named the hon. Gentleman, I will give way.

Mr. Walker: Does the Minister accept that the BNP vote has trebled since 1997? Does not that concern him, as it concerns most other hon. Members?

Mr. McNulty: That is the most fatuous point I have ever heard. The National Front's vote went through the roof in 1974 and had disappeared by 1979. Some of my colleagues would argue that that was because we had the most right-wing Tory Government ever and there was no need for the ultra-right. Then, all of a sudden, the vote bounced back in 1997. With the greatest respect, those are fatuous points. It annoys me that the BNP has any support anywhere.

It should not be lost on the hon. Gentleman—I am sure that he and other parties do splendid work in Broxbourne against the BNP—that by talking constantly about chaos and crisis, he feeds BNP support not in those areas that already have rich, vibrant and diverse communities, but in neighbouring areas where it is easy for the BNP to say, on the back of the claims that legitimate politicians make about the system, that it is in chaos and crisis. That is exactly the entrée that the BNP needs. It is no accident that when that party first broke through in Burnley, it was not in the hard-core inner city areas but in the middle class white suburbs around the town—very similar to Broxbourne.

Let us have a substantive debate, but let us have it in the context of where we are at. It should also be in more than a throwaway remark that we say that of course we accept genuine refugees and legal migration. Many specific points were made by hon. Members, and I shall dwell on some of them in the slightly longer than usual time that I have left.

My hon. Friend the Member for Leicester, East (Keith Vaz) was becoming agitated about the absence of the shadow Home Secretary. Whatever he is doing, he kindly told me that he would not be present, so he is not being discourteous.

Keith Vaz *rose—*

Mr. McNulty: I know that the shadow Home Secretary is at the reception that my hon. Friend has just come from, but that is by the bye. It was a courtesy for the right hon. Gentleman to tell me that he might not be back for the wind-up speeches; what he is doing is not my business at all, in oh so many ways—so many different ways.

The right hon. Gentleman made some points about the existing legislation in relation to the introduction of civil penalties for illegal working. There are several reasons for what we have done. The section 8 legislation to prevent the use of illegal workers, introduced in 1997, before May, was flawed and provided a poor basis for launching prosecutions against employers. Last year, we took action to strengthen section 8 by reforming the system of document checks, and there were 10 convictions.

Furthermore, I would say to those who ask why it has taken so long to do anything about section 8 that it is important to remember that there is other legislation under which cases have been brought, especially for facilitation. In 2002, there were 62 convictions for facilitation in magistrates courts and 147 in Crown courts. Some of those cases will have involved people who import and supply illegal workers. We can go into the matter in more detail in Committee, but we think that civil penalties will be a swifter and more effective way of tackling negligent employers. The new "knowingly" offence, with a custodial penalty, will be used to deal with those who deliberately use illegal workers but cannot be reached either by the law on facilitation or the original flawed law under section 8. I welcome any contributions to strengthen those provisions, because we need to go in that direction. We are not talking about bona fide employers who try their best to establish what is going on with their employees.

If the debate is shifting away from where we are at with the asylum system—notwithstanding the point made about removals, to which I shall return—to a substantive debate about where we are at with managed migration, it must deal in substance with illegal working and the employer's role. That is an entirely fair point and we can explore it. Somebody said that that was all very well, but that in terms of managed migration there were only 12 individuals in the central team. I cannot remember who made that point, so I apologise to the hon. Member; I think that it may have been the Conservative Whip with whom I have the delight to serve on the Identity Cards Bill, the hon. Member for Hertford and Stortford (Mr. Prisk). He is entirely right, but that is all we need at the centre. By the time the law is introduced, there will be about 1,200 warranted immigration officers with full rights to employ the fixed penalties. That is where we want our staff, out in the community dealing with such matters.

My hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), who is no longer in the Chamber, made some fair points about massive dispersal and we have to deal with that, but I take issue with much of what he said about the substance of the Bill. I do not believe that the system in terms of either the Bill or the wider context of the five-year plan is, to quote him, too hostile to genuine refugees. Nor do I believe what he said about adjudication. The key point at the end of his speech, with which I entirely disagree, was that the Bill would do nothing to enhance Britain's reputation for providing a safe haven. As my hon. Friend is not in the Chamber I shall take that up with him at another time, but I do not agree with his point. The Bill must be seen firmly in the context of the five-year plan, as the Home Secretary said. Much of the plan can be achieved through immigration rule changes and secondary legislation, but much of what is in the Bill provides the building blocks for further secondary legislation and to tweak parts of the existing system.

I did not catch much of the speech of the hon. Member for Orkney and Shetland (Mr. Carmichael) in the Chamber, but I heard it elsewhere. It is the second time today that one of his speeches has delighted me, because we were debating a Bill together this morning. It was a terribly—not terrible—measured and temperate contribution and I look forward to discussing some of those matters further with him. I shall come on to some of them later.

One of the hon. Gentleman's specific points was that the Government had not yet made the case for using civil penalties against employers. That is a fair point and we can discuss it further in Committee. As I said, we believe that civil penalties can be an effective tool to encourage employers to adopt appropriate checks to prevent clandestine entry.

The hon. Gentleman asked about a new inspection regime in terms of civil penalties. I can say that the immigration service will continue to carry out intelligence-led operational visits as now, and civil penalties do not presage a new inspection regime. The inspection service only works where it is intelligence that leads the problem.

Clause 19 provides for the Government to issue a code of practice to employers on the avoidance of discrimination. Given that our deliberations will now be after the summer recess, I will try to ensure that at least the headline elements or framework of that code of practice—my hon. Friend the Member for Walthamstow (Mr. Gerrard) and others mentioned this—are available to the Committee during our deliberations. If an official falls over in the Box, that is because it is the first time that I have told them that.

We need to discuss more fully some of the other points raised by the hon. Member for Orkney and Shetland. He voiced concern that clause 1 does not give a right of appeal to people who have been granted protection for human rights reasons when the Home Office decides that their circumstances have changed and that it is now safe for them to return to their country of origin. Actually, the clause does provide a right of appeal to people who were previously recognised as refugees, against the decision that they no longer need protection, but we can explore that further in Committee. It contains an order-making power to extend that appeal right to other classes of people and it is our intention to use that power to extend the right to those granted humanitarian protection for human rights reasons. That sounds convoluted. It deals with the hon. Gentleman's point, but we can explore that in far more depth in Committee.

I hope that my hon. Friend the Member for Leicester, East is resisting the urge to rebel, whether he is on his own in that rebellion or otherwise—if indeed he can manage to get a vote tonight. I fully concur with what people have said about his long, long record in this area, on an entirely cross-party and non-partisan basis. He is an expert, and he was very helpful to me in 1997 and during my first couple of years as an MP—and has been helpful since—when I was first dealing with a substantive community. As he rightly says, all the issues about family visitor appeals are outwith the Bill. They are not in substance part of the Bill. They will be among the elements that can be more readily discussed on immigration rule changes. My hon. Friend has already led a delegation, for want of a better word, of Labour Back Benchers to see me specifically on this issue. I told him when we went through the issues that I would be more than happy to reconvene that meeting and have another in September or October to let him know exactly where our thoughts were in terms of where to go with that rule change.

Mr. Malins *rose—*

Mr. McNulty: People have raised significant issues in terms of papers only versus orals, the definition of family and other elements on which we would like to reflect. We will look at that in more detail and get back to the hon. Member for Woking (Mr. Malins). I am more than happy, if this answers his question, to extend the previously mentioned courtesy to the official Opposition and the minor—but sadly grown a bit—third party, if they want to avail themselves of it.

Mr. Malins: Will the Minister tell the House what is happening to the accommodation centres, with particular reference to Bicester, and how much taxpayers' money has been pumped into that scheme? Will he also deal with the electronic tagging of asylum seekers?

Mr. McNulty: With the greatest respect to the hon. Gentleman, I will answer in the way that I have got down in front of me rather than otherwise. If I do not get to it, I refer him to some extensive parliamentary questions, which were very well crafted, by his hon. Friend the Member for Banbury (Tony Baldry) and answered in full some months ago, on all aspects including the costs. If he thinks that that intervention was a useful contribution to our deliberations and our way forward, that is a shame.

Several Members have referred to measures being taken to improve the quality of initial decision making in entry clearance cases. Those were fair points in part, but we do not want to get lost in the premise that every ECO decision is by definition a bad decision. I understand that hon. Friends and other hon. Members say that to make their point in terms of rhetoric, but we do need to be quite steady on that. I will return to student visa appeals in a moment, but I am trying to elaborate on ECO decisions. With the fairest of winds,

[Mr. McNulty]

we are certainly six to nine months away from Royal Assent on the Bill. We are doing this now, so the university lobby's suggestion that we try to get enhanced developments to ECO decision making before the appeals are removed will almost follow in terms of our timing.

Keith Vaz: I thank my hon. Friend for what he has said so far about visitor appeals, but one way to help the system, if he is considering improving decision making, is to ensure that there is a person in UK Visas, whom Members of Parliament are able go to, who has the power to overturn or review decisions, so that we need not keep contacting the posts abroad if there is a problem.

Mr. McNulty: Let me explore that point and come back to my hon. Friend. I am not sure whether that suggestion is appropriate; it may well end up being undermined as a sort of formalised second-guessing by every ECO in the world.

Mr. Carmichael: On the Home Office implementing changes now in ECO decision making and reviewing them before the Bill receives Royal Assent—if indeed, it ever does—will the Minister perhaps give an undertaking to the House that he will not bring those provisions into force unless the outcome of the changes that he will make to the ECO system indicate that there has been a substantial improvement in the quality of initial decision making?

Mr. McNulty: Yes, I can, and to be honest, we would not be embarking on the roads on which I am about to elaborate unless we thought that substantive improvements would be made at the end of the process.

An independent monitor is responsible for scrutinising refusals, including those that do not attract the right of appeal. That is not done in some sort of vacuum in the way that some hon. Members suggested. The independent monitor's role will be enhanced to become a full-time post that is more embedded—for want of another phrase—in the system. There will be greater training for ECOs and their supervising managers—that is under way as we speak—and greater resources will be engaged to allow entry clearance managers more time to review decisions and to enable the recruitment of the network of regional managers. The points system will equally provide clearer and more transparent criteria.

So the irony is, in part, that a small amount—barely 2 per cent.—of all refusals for student visas go to appeal and are then successful. In relative terms, the amount of time and effort taken by UK Visas and the ECOs to process those cases is enormously inflated. If we get rid of that appeal layer and implement all the improvements to ECO decision making that I am talking about, both elements will ensure that more resources can be devoted to the front end of the operation, rather than otherwise. Again, we can talk about that specific appeals element, which is in the Bill, in Committee.

My hon. Friend the Member for Walthamstow makes the case, I suspect, for serving on yet another Committee considering a Bill on immigration, asylum and nationality, but that is a matter for the Whips, not for me. I would hate to destroy his record, given that he is running so well and has served on all those Committees since 1992. Again, he makes a fair point about the five years for refugees. If we go down that route, it is incumbent on us to ensure that people do not wait five, eight, 10 or 12 years to get to the stage where they are declared as refugees in the first place. That is the Government's starting point, and that is what we are trying to do.

We are trying to implement those changes for two key reasons. First, we want to establish across the board the principle that people must reside in this country for five years before they can become eligible for settlement. That is not new; it is more or less the system that was in place beforehand.

Mr. Gerrard: May I put it to my hon. Friend that the provision that refugees were given indefinite leave at the same time as they were granted refugee status is something that we introduced? I have still not heard any reason to reverse that policy. What is the reason for reversing it?

Mr. McNulty: That is, at least in part, what I was going to start to elaborate on today, but I am sure that we will discuss it more over the summer and subsequently in Committee.

More generally, we are making changes to increase the economic benefits to the UK of permanent settlement and to introduce requirements closer to the rights and obligations of full citizenship.

Secondly, we are applying the principle that the UK should offer people protection and refuge for as long as they need it, but if conditions in their home countries change and it is safe for them to go back, we would expect them to do so. The Geneva convention says that it shall cease to apply to someone who

"can no longer, because the circumstances in connection with which he has been recognised as a refugee have ceased to exist, continue to refuse to avail himself of the protection of the country of his nationality."

The measure is thus within the spirit of the 1951 convention, but we can discuss that in full another time.

My hon. Friend was right to say that we should look for a range of measures and actions to tackle people who use illegal workers beyond what is in the Bill and the five-year strategy. I totally agree, and that was why we supported the Gangmasters (Licensing) Act 2004. We are developing joint working with other workplace enforcement bodies, such as the Health and Safety Commission, the Department for Work and Pensions, the national minimum wage inspectorate and others. That work includes establishing a joint pilot scheme in the midlands to examine such matters in more detail. We are working closely with employers, unions and others to examine the whole issue of illegal working, as it is right and proper to do.

My hon. Friend said that a wide power was being sought to define the grounds on which entry clearance appeals could be brought, but that power already exists under the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004. He made an important point,

as did the hon. Member for North-East Bedfordshire (Alistair Burt), among others, about the oversight extended to all detention centres. As my hon. Friend knows, Her Majesty's chief inspector of prisons already has statutory oversight over longer-term immigration detention facilities, as well as exercising oversight over short-term holding facilities and escort services, although that is currently done only by invitation. The Bill will put all immigration detention facilities on the same statutory footing, so I can give my hon. Friend the assurance that he wants.

I did not accept the Liberal Democrat point that removing appeal rights for students would drive them to our international competitors because the countries with which we are competing for the brightest and best international students, such as Canada, Australia and New Zealand, do not offer appeals against the refusal of student visas in the first place. I do not want to underestimate the difficulties of the university sector in attracting foreign students. There is a combination of factors behind that such as the strength of the pound and the fact that our competitors are getting far better and thus catching up with us. All those matters need to be put into the mix, but a £50 increase in visa fees for students who spend between £20,000 and £30,000 over three years would not represent such a problem. I cannot emphasise enough that no aspect of the measure runs counter to everything that we say about the contribution that overseas students make throughout the university sector. We set up a joint working group with the education sector to examine in detail how we can work together to ensure that that continues to happen.

The hon. Member for Twickenham (Dr. Cable) made a perfectly fine and temperate speech, but he got sidelined by talking about some 50 tests that employers must carry out. That is for the birds—it is simply not the case at all.

I am hopeful—perhaps naively—that following the disgraceful emphasis that the official Opposition put on these matters and the way in which they did so, they now have a sort of collective corporate hangover and perhaps a little bit of shame. We have a window in which we can have a reasoned and mature cross-party debate about what we want from our asylum and managed migration systems and the overall contribution that both elements can make to the vibrancy of our country in the 21st century. We need to say all the time that immigrants make a substantial contribution to this country—and not simply in economic terms. We will always cherish both our responsibilities and our record on being party to the 1951 convention and our treatment of refugees.

If the Bill, if nothing else, augers the start of that mature debate not only in the Chamber and across the parties, but in our media as well—that might be hoping for too much—it will have served its purpose. Perversely, the nasty ultra-right-wing excesses of the Conservative party might then also have served their purpose. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

IMMIGRATION, ASYLUM AND NATIONALITY BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions):

That the following provisions shall apply to the Immigration, Asylum and Nationality Bill:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 25th October 2005.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further message from the Lords) may be programmed.—[*Mr. Dhanda.*]

The House divided: Ayes 285, Noes 65.

Division No. 29] **[9.49 pm**

AYES

Ainger, Nick	Butler, Ms Dawn
Ainsworth, rh Mr. Bob	Byers, rh Mr. Stephen
Allen, Mr. Graham	Byrne, Mr. Liam
Anderson, Mr. David	Cairns, David
Anderson, Janet	Campbell, Mr. Alan
Armstrong, rh Hilary	Caton, Mr. Martin
Atkins, Charlotte	Cawsey, Mr. Ian
Austin, Mr. Ian	Challen, Colin
Austin, John	Chapman, Ben
Bailey, Mr. Adrian	Chaytor, Mr. David
Balls, Ed	Clark, Ms Katy
Banks, Gordon	Clark, Paul
Barlow, Ms Celia	Clarke, rh Mr. Charles
Barron, rh Mr. Kevin	Clarke, rh Mr. Tom
Beckett, rh Margaret	Clelland, Mr. David
Begg, Miss Anne	Coaker, Mr. Vernon
Bell, Sir Stuart	Coffey, Ann
Benton, Mr. Joe	Cohen, Harry
Berry, Roger	Connarty, Michael
Blackman, Liz	Cook, rh Mr. Robin
Blackman-Woods, Dr. Roberta	Cooper, Rosie
Blears, rh Hazel	Cousins, Jim
Blizzard, Mr. Bob	Crausby, Mr. David
Blunkett, rh Mr. David	Creagh, Mary
Borrow, Mr. David S.	Cruddas, Jon
Bradshaw, Mr. Ben	Cryer, Mrs. Ann
Brennan, Kevin	Cummings, John
Brown, Lyn	Cunningham, Mr. Jim
Brown, Mr. Russell	Cunningham, Tony
Bryant, Chris	Curtis-Thomas, Mrs. Claire
Buck, Ms Karen	Darling, rh Mr. Alistair
Burden, Richard	David, Mr. Wayne
Burgon, Colin	Davidson, Mr. Ian
Burnham, Andy	Dean, Mrs. Janet

Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fiello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. John Heppell and
Mr. Dave Watts

NOES

Alexander, Danny
Beith, rh Mr. Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Cable, Dr. Vincent
Clappison, Mr. James
Davies, Philip
Dodds, Mr. Nigel
Duncan Smith, rh Mr. Iain
Elwood, Mr. Tobias
Farron, Tim
Featherstone, Lynne
Galloway, Mr. George
George, Andrew
Goldsworthy, Julia
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Mr. Martin
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jackson, Mr. Stewart
Kawczynski, Daniel
Lamb, Norman
Law, Peter
Laws, Mr. David
Leech, Mr. John
Lilley, rh Mr. Peter
McCrea, Dr. William
Moore, Mr. Michael
Mulholland, Greg
Newmark, Mr. Brooks
Öpik, Lembit
Pugh, Dr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Rogerson, Mr. Dan
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Turner, Mr. Andrew
Vara, Mr. Shailesh
Walker, Mr. Charles
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Mr. Alistair Carmichael and
Sir Robert Smith

Question accordingly agreed to.

IMMIGRATION, ASYLUM AND NATIONALITY BILL *[MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Immigration, Asylum and Nationality Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) expenditure of the Secretary of State in connection with the Act, and

(2) any increase attributable to the Act in sums payable out of money provided by Parliament under another enactment.—*[Mr. Dhanda.]*

Question agreed to.

IMMIGRATION, ASYLUM AND NATIONALITY BILL *[WAYS AND MEANS]*

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Immigration, Asylum and Nationality Bill, it is expedient to authorise—

(1) the charging of fees in connection with immigration and nationality applications, claims, services, processes, advice and information, and

(2) the payment of sums into the Consolidated Fund. —*[Mr. Dhanda.]*

Question agreed to.

G8 Meeting

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Dhanda.]*

10.5 pm

Mr. George Galloway (Bethnal Green and Bow) (Respect): It has been some time since I caught your eye, Mr. Speaker, so I am extremely grateful to the mystery hand that guides the lottery that chooses the subject for the Adjournment debate. To be successful on this subject the night before the G8 convenes in Gleneagles is exceedingly good fortune.

On the subject of mystery hands, I should welcome my erstwhile hon. Friend the Member for Pontypridd (Dr. Howells), who is now a Foreign Office Minister, to his post. I good-naturedly remind him that while he now has access to my MI6 file, remembering him well as I do from our days on the barricades together, I have access to his file from King street, Covent Garden. *[Interruption.]* The Minister affects not to know who was headquartered in King street, Covent Garden, but I think some of us in the House know the answer to that very well.

It is equally well known that I have a low opinion of this Government. But even I never imagined that they would try to execute a cynical U-turn in their international reputation on the sea of bodies laid out every three seconds as a result of poverty in the world such as that which we have been witnessing these last few weeks. Browno and Blairof, or Blairo and Brownof, or however else this self-styled Lennon and McCartney like to see themselves, have, however, been rumbled—not only by the quarter of a million British people who marched in Edinburgh at the weekend but even, now, by the leadership of Make Poverty History, whom the Government imagined they had in their pocket. Quoted in *The Guardian* this morning, Steve Tibbett of ActionAid said this:

"It is shocking that the government is using millions of poor people to score a PR coup."

I do not know where Mr. Tibbett has been living, but it is not shocking with this Government. "Look behind the rhetoric", he said,

"and the reality falls far short. We are still nowhere near a deal that will effectively tackle global poverty. So far the UK government is largely serving up spin and hype."

The Government are engaged in a carefully calculated deception of public opinion to try to draw a veil over the disaster in Iraq and Afghanistan and to scramble up at least the foothills of the moral high ground on the greatest issue facing the world today. More than half the world's population lives on half the money it costs to keep a cow in the Elysian fields of the European Union.

This has been deliberately reduced by new Labour to a question of heavily conditional debt cancellation for some countries in one continent. The conditions allowing a takeover of their countries' economies by the International Monetary Fund, Paul Wolfowitz's World Bank, and the vulture capitalists and robber barons of the globalised corporations will leave the people thus relieved even worse off than they were to start with. Seventy-seven per cent. of the people living on less than $2 a day in the 1990s lived in countries being strangled by free-market structural reforms implemented by exactly that unholy trinity.

[Mr. George Galloway]

One in six in the world has no access to clean water, and four die every minute from drinking it dirty. The neo-liberal axis believes in privatisation as a purifier, hence the fiasco of the British Government's attempt to pour free-market water down the throats of the poor in Tanzania—a scheme recently sunk in derision at the considerable expense of the British taxpayer.

Every day, more than 6,000 people die from AIDS in Africa alone, largely unable to access readily available medication. One hundred million children have no school to go to and 30,000 die every day from diseases that kill next to no children in the rich world. Everything the neo-liberal consensus proposes for Africa has already been tried in Latin America, where it failed utterly. Presumably that is why that region has not had a look-in in recent Government discourse.

One in five Latin Americans live in extreme poverty while more than 40 per cent. are characterised as poor. That is one reason why, from Bolivia to Brazil, from Cuba to Caracas, a radical challenge is being mounted now on the streets to the prescriptions that the Government propose to dole out to the people of Africa.

Just as one cannot get slim through eating low-fat chocolate when it is not part of a calorie-controlled diet, one cannot make poverty history through conditional, highly selective debt cancellation without a profound change in the distribution of wealth and power in the world. Such a shift is impossible to imagine at Gleneagles. That is why I shall be marching there tomorrow, with thousands of others, making it clear that we will not make poverty history until we make the G8 and its system history.

Let us be clear: the poor people in the poor countries do not owe the rich in the rich countries anything. In so far as they are in debt, it was not incurred by them but by overwhelmingly unelected dictatorships of one kind or another, usually backed in the cold war days by the west. The money was often spent on self-aggrandisement and western weapons. In any case, those original loans were long ago repaid, but for the usury of the hyper-interest charged by western lenders to bloat their £1 billion-a-year-plus profits. Poor countries would be entirely justified in tearing up their debt repayment books and declaring, "We have already paid", and they might well add, "Far from us owing you money, you owe us."

When the British empire, on which the sun never set because God would not trust us in the dark, arrived in the area then known as Bengal, it was one of the richest places in the world. When we left, it was one of the poorest. One does not have to be Einstein to work out what happened in between. The poor countries are poor because the rich countries became rich partly by making and keeping them poor. The great empires took away everything they could carry, including, in the case of Africa, the people themselves, whom we chained in the holds of ships and carried off as slaves. Until a seismic shift of wealth is made in reparation towards the people we robbed, justice will not be done.

Yet huge wealth remains in the poor countries and in the effort and skills of their people. However, the economic system over which the G8 presides continues to loot and plunder, as alliances such as the Jubilee South coalition of debt campaigns and social movements from 40 countries throughout the poor world have made clear.

Let us consider unfair trade and fuelling wars in and across colonial boundaries. Why are the British Government giving Uganda and Rwanda blue-eyed-boy status when both are involved in the invasion of the Democratic Republic of the Congo, thus further beggaring a country first pushed down a long slope to misery by the colonialist conspiracy against and the murder of the greatest of all African leaders—Patrice Lumumba—and by his hand-picked replacement Mobutu, who went on to become the greatest thief of the 20th century?

All aid is made conditional on unfair trade—the erection of tariff barriers to poor country imports while demanding the destruction of any protection for their industries. As President Bush said:

"We're not interested in supporting any Government that doesn't have open economies and open markets".

Despite all that, Government mendacity has relentlessly maintained—in some cases flatly falsely, for example the Chancellor's repeated statements that he proposes 100 per cent. debt write-off for the poorest countries—that their proposals, if only they can persuade back-sliding Johnny foreigners, will make poverty history.

In the words of Richard Bennett, chairman of Make Poverty History, when expressing his "dismay and serious concern" at the way in which Britain was presenting proposals for debt cancellation:

"What is being discussed is emphatically not 100 per cent. debt cancellation for the world's poorest countries, but Government spokespeople continue to state and imply that it is".

A small minority of the world's poorest countries will have significant debt cancellation if this deal is agreed. In the words of Ivy Maina from Kenya, who has travelled from ActionAid's Johannesburg office by bus:

"Africa is counting on this summit to deliver. I was face to face with Gordon Brown, and nothing he said will reassure the millions of people relying on his government and other G8 leaders. I fear that if there are no further developments over the week, all I will have to take home from Scotland is bleak news."

In place of the annual $125 billion in new money demanded by Make Poverty History if the G8 countries are to meet the UN aid target of 0.7 per cent. of gross national income, the G8 are offering just $25 billion for Africa, much of which is money that has already been pledged. In place of the $45 billion that would be released by 100 per cent. cancellation of the poorest countries' debts, the G8 are offering just over $1 billion in cancelled debt service payments—a fraction of what is required.

War on Want, the World Development Movement, Greenpeace, Friends of the Earth, People & Planet and many other organisations are now mounting a massive critique of the mendacity to which I have referred. It would simply be impossible to imagine that the story being told—

Mr. Speaker: Order. I want to try to help the hon. Gentleman as best I can, but he is using the term "mendacity", which in my book means lying. I would hope that he is not linking that with any right hon. or hon. Member of this House.

Mr. Galloway: Is it permissible to describe the Government as mendacious, rather than any specific Minister, which is what I was doing?

Mr. Speaker: We can let the hon. Gentleman get away with saying that about the Government, but not about any individual.

Mr. Galloway: I think I will quit while I am ahead on that one, Mr. Speaker, now that we have entered that judgment into the parliamentary lexicon.

It is impossible to recognise the Government's story in the story being told by the campaigning organisations on the ground and by most of those concerned. For me, they are not the Lennon and McCartney of world development issues; they are the Status Quo. And it is a mangy status quo, which will do nothing to resolve the ocean of misery and poverty that exists in the world. They are the Motley Crue—for the younger Members of the House—not the Lennon and McCartney, and the people are beginning to see through them.

10.18 pm

The Minister of State, Foreign and Commonwealth Office (Dr. Kim Howells): I congratulate the hon. Member for Bethnal Green and Bow (Mr. Galloway) on securing this debate. As he has told us, the G8 summit will begin at Gleneagles tomorrow, and it would be wrong of me to pre-empt what decisions will be reached there. They will be reached as a consequence of discussion and, I hope, very civilised debate, rather than on the basis of name calling or of the kind of paranoia that we have just heard.

I shall try to explain to the hon. Gentleman why the Government have decided on the agenda for the summit. That is all that I can do—I cannot possibly match that degree of paranoia. I have not heard a speech like that for about 30 years, although I did read quite a chunk of it the other day in a Trotskyist journal for which the hon. Gentleman wrote. I was particularly taken by the line:

"You can't get slim by eating low-fat chocolate. It has to be part of a calorie-controlled diet. You can't make poverty history by writing off some of the debt of some of the countries in Africa and pretending you've made up for centuries of exploitation and injustice."

Well, I have just heard that here, too.

All of us in the House agree that we must work with the material that we have. I know that the hon. Gentleman understood that at one time, but I am not sure that he understands it now. We must try to make progress. He has not mentioned one of the other great themes of the conference, climate change, as though that will not affect poor Africans or south Americans or poor people in Europe or Asia in the same way that it will affect the wealthy—but it will. He has picked his subject and it is his Adjournment debate, so I do not blame him for that. However, it has cast a shadow over the self-righteous paranoia that I have just heard.

Our G8 agenda is deliberately ambitious. The Government believe that future generations would not understand if we failed to take this opportunity for progress. That is what we intend to do at Gleneagles and beyond. No one in the G8 disputes that Africa and climate change should be priorities; everyone believes that they are and should be. The G8 is involved in real, detailed negotiations, which are not a sham. We are making some progress. There is real support for action, but negotiations are tough and they will go to the wire. We hope that we will fulfil our ambitions. We still have some way to go and I would not expect us to achieve our whole agenda at this stage of the negotiations. There are likely to be more intense discussions ahead. The Government are determined, however, and we will not give up.

Africa is the only continent where poverty is increasing—that is not to deny what the hon. Gentleman said accurately about south America and other countries where there is great poverty, which must also be tackled. It is also true, however, that we have seen progress in Africa. Despite some appalling exceptions, there is more democracy and peace in Africa than ever before. Some of Africa's new leaders are determined to change the way in which their countries operate and they have grasped the fact that 2005 offers fresh opportunities for Africa to create for itself sustainable economic growth that has the potential to benefit the population in general and not just the powerful few.

I appreciate very much the hon. Gentleman's condemnation of the gangsters who have run many African states—he knows that I, too, regard them as gangsters, but many of them are still there. They have come not only from the right but from the left—they were not just American puppets but Soviet puppets.

Mr. Galloway: Name them.

Dr. Howells: The hon. Gentleman speaks from a sedentary position. For a start, I would name Robert Mugabe, but there have been others. I remember the Angolan and the Mozambique civil wars. There were young men who started out in Geneva being nurtured by the UN who were picked and taken up by the Americans and the Soviets, and who ended up inspiring whole nations to fight each other in pointless wars—the cold war fought by proxy. I will not hear that it has come from just one political direction—

Mr. Galloway *rose—*

Dr. Howells: I have a few minutes to go. The great problem with the hon. Gentleman—*[Interruption.]* The hon. Member for Banff and Buchan (Mr. Salmond), who is commenting from a sedentary position, is sitting next to the hon. Member for Bethnal Green and Bow because he uses every opportunity to get his mug on television. He will not divert me this evening from justifying something that is very important.

Africa is the only continent where poverty is increasing, but we can make progress. We should not be diverted by attempts to create a spurious history that excuses what has gone on in Africa and what goes on in Africa now. We must make progress. The hon. Member for Bethnal Green and Bow wants, I assume, to see some kind of world revolution that will sweep away the dictators of Africa as it sweeps away capitalism in general. I heard that message as I sat listening to him. That is fair enough. If it is what the hon. Gentleman believes, he is entitled to believe it. However, we are arguing for the comprehensive package of achievable

[Dr. Howells]

targets outlined in the Commission for Africa report, which means significant additional resources through an agreement on multilateral debt, aid, trade and investment. No doubt that is prosaic stuff to the hon. Gentleman. It is not a glamorous soundbite, but it might just help people in Africa—ordinary people in Africa—to create a better society, a better economy and a better future for themselves. That is not what the hon. Gentleman wants to hear, of course, but it might just be what people in Africa want to hear, rather than great calls for world revolution.

As I have said, the package outlined in the report means significant additional resources through an agreement on multilateral debt, aid, trade and investment. All that, however, is predicated on our belief that the new resources must be linked to African Governments securing improvements in governance and capacity, resolving conflict and overcoming corruption. Although the package requires a big increase in resources, it is not just about funds. It is about achieving significant gains in health, education, governance, capacity to trade in global markets—because that is the world in which we live—programmes to deal with killer diseases and, of course, peacekeeping capacity. In other words, it is about having strong partnerships with African Governments and securing commitment and support for capacity-building programmes. In the context of trade, it is not just about reducing tariffs. As the Commission for Africa recommended, we need to look at constraints on the supply side, such as the problems of poor governance and the lack of infrastructure that make it so difficult for African goods to reach world markets. More resources are needed to help African countries to develop that infrastructure and to develop higher education and science and technology capacity.

Our focus on Africa is already having an impact. We have secured agreement from G7 Finance Ministers on 100 per cent. multilateral debt relief, specific agreements to increase aid levels—including the doubling of aid from the European Union—and agreement on the need to set a timetable for elimination of trade-distorting export support in agriculture. That, I think, is real progress, but we need to push the agenda harder, and that is why the Prime Minister, the Chancellor, the Foreign Secretary and the Secretary of State for International Development, along with other Ministers, have been working so energetically to ensure that progress is made.

We identified 2005 as a key year for Africa with our two presidencies, the United Nations millennium summit and the World Trade Organisation ministerial meeting in Hong Kong. We shall look very carefully at how we have done at the end of the year. However, a comprehensive agreement at Gleneagles is critical to progress in New York and Hong Kong and it can send a strong signal to the rest of the international community. That is absolutely vital.

As I said, the hon. Gentleman failed to mention the other great theme that the Government are pushing both in the G8 and in our presidency of the EU. Harmful change to our climate is a real threat and there seems little doubt that reducing that effect is one of the most important issues that we face in the long term. We need the growth in greenhouse gas emissions to slow, decline and stop if we are to achieve a secure and sustainable future. The hon. Gentleman and I probably do not agree about a great deal these days, but I will say this to him. Every dream that he has about improving the lot of poor people, wherever they are in the world, will come to nothing if our economies become disastrous failures as a consequence of our inability to tackle this issue. To try to pretend otherwise is foolish in the extreme.

We know that tackling the issue will not be easy because we know that the world's energy requirements will increase by 60 per cent. over the next 25 years. That largely reflects development needs in the poorest countries. The hon. Gentleman spoke of the scandal that South America is not involved. He might have talked about China or India, whose economies are expanding at a huge rate—but as they expand, there is a great hunger for energy and for electricity. Lenin, one of the hon. Gentleman's great heroes, knew that that is a prime need of people. How can they have a modern society without such things? But of course, we somehow have to generate that electricity. We have to offer people the same wealth, riches and aspirations that we have enjoyed for so long. What will happen if we do not find other ways of ensuring that such activities do not pollute our world even more? Well, the hon. Gentleman does not seem to be at all concerned about that—and if he is, he might have mentioned it.

We have no choice but to satisfy the demand for progress in the developing world, but we must do so at a lower environmental cost. The decisions that consumers and businesses are taking today, right across the world, have significant implications for greenhouse gas emissions for years and decades to come. I hope that the hon. Gentleman understands that point and that he will join me and the great majority in this House in wanting to do something about it.

There is no question that we have yet to reach agreement on how to meet that challenge. There are many opinions on this issue throughout the world. I have always been very sceptical about just how big a part human beings play, but Gleneagles provides an opportunity to debate the issue thoroughly. We will not do that by sloganising or by using the easy political soundbites that we just heard as a substitute for a proper argument. No, we will not do that because it does not involve thought or debate. What it signifies is a life built on slogans.

It is a great shame that the hon. Gentleman has stopped thinking about these issues in anything other than soundbites and clichés. It is a shame that he regards those who are gathered at Gleneagles in an attempt to find a way out of this situation—as evidenced in his article in the Trot journal, to which I referred earlier—as the most dangerous men in the world. Of course, he does not mention the despots and tyrants with whom he has long had a very dubious relationship, and I do not blame him for that. Right from the beginning, he has loved a little besmirching of character. Of course, the last thing that he wants is for that to happen to him.

I hope that the hon. Gentleman will have a little think about this issue and ask, "Can we move forward from here? Can we make a difference to the lives of people in Africa and the rest of the world by using the existing machinery?" We could use the WTO, for example, and in that regard he could argue for whichever element he wants. We need to consider how we can allow farmers in Africa to sell their goods more easily in the wealthy west—in the northern hemisphere. There are ways of doing that, but of course he does not want that. The great old Trotskyist argument is, "Let's have another capitalist crisis. That way, people will see the error of their ways and they will rise up and sweep away these pernicious capitalist Governments." I have heard that argument so very often, and what has it brought the people of the world? It has brought them war and poverty, not wealth or the security of knowing that their kids will be able to drink the clean water about which the hon. Gentleman spoke.

We have got to work with what we have got. Although this is by no means a perfect opportunity and it has its faults, we have an opportunity to make some progress. We ought to take it.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes to Eleven o'clock.

House of Commons

Wednesday 6 July 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

OFFICE OF THE DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Teesport (Expansion)

1. **Vera Baird** (Redcar) (Lab): What assessment he has made of the effects on regeneration in the Tees valley of port expansion at Teesport. [9713]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): Mr. Speaker, as you know, my right hon. Friend the Deputy Prime Minister is unable to be present at Deputy Prime Minister questions today, as he will be representing my right hon. Friend the Prime Minister at Prime Minister's questions. *[Interruption.]* I am sure that my right hon. Friend the Deputy Prime Minister will be pleased to hear the welcome that he receives even before he arrives in the Chamber.

I can tell my hon. and learned Friend the Member for Redcar (Vera Baird) that the northern way action plan launched in Gateshead on 20 June sets out clearly the wider economic benefits that would flow from the development of the facilities at Teesport—for the Tees valley, the north and the UK as a whole.

Vera Baird: I thank my hon. Friend for that answer. The project is indeed a big one, capable of generating around 7,000 jobs in a sub-region where unemployment is still twice the national average. Is he aware that similar applications for port expansion at Felixtowe, Harwich and London could have a major impact on the viability of Teesport's proposals? Will he confirm that our interests will be part of the context in which those applications are considered? Will he do his level best to help us to help ourselves to get a thriving deep-water container port at Teesport, and a huge economic boost for the Tees valley?

Jim Fitzpatrick: I hope that my hon. and learned Friend and the House will understand that I cannot pre-empt or comment on specific planning proposals. However, I am confident that Teesport has a strong future supporting international trade and regional regeneration. I note that the urban regeneration company Tees Valley Regeneration has a successful track record, having spearheaded the creation of more than 12,000 jobs and inward investment of over £500 million over the past eight years. I note too that she and other colleagues are expecting to meet my hon. Friend the Minister of State, Department for Transport later this month. I am sure that they will continue to press the case for Teesport as effectively as they have done already.

Ms Dari Taylor (Stockton, South) (Lab): There remains an output gap of £29 billion between the north and the rest of the UK. The south-east economy is considered to be overheating, so does my hon. Friend agree that the development of a deep-sea container port at Teesport would be an important step towards closing the north-south divide?

Jim Fitzpatrick: The forthcoming review of ports policy by my right hon. Friend the Secretary of State for Transport will address the key questions relating to port capacity and future port development, and the wider issues. They include environmental factors, local regeneration, productivity and the role of ports in our overall transport strategy.

Public Conveniences

2. **Dr. Vincent Cable** (Twickenham) (LD): What role his Department plays in encouraging local councils to provide a sufficient quantity and quality of public conveniences. [9714]

The Minister for Local Government (Mr. Phil Woolas): The provision and maintenance of toilets in public places is at the discretion of local authorities. There are many examples of good practice, such as the pioneering community toilet scheme in the London borough of Richmond upon Thames, which the hon. Gentleman will know. In due course, I will be inviting the British Toilet Association to meet me to discuss methods of spreading such good practice.

Dr. Cable: I thank the Minister for that excellent reply. He has acknowledged that this is one of the few areas over which local councils have complete discretion. Many are using that discretion to close public conveniences. What further action would he recommend to safeguard the interests of elderly and disabled people, in particular, and to preserve public hygiene in major town centres such as mine? Those centres have large numbers of visitors, many of whom are large consumers of alcohol.

Mr. Woolas: I thought that we were to be treated to a Liberal Democrat policy of spend-a-penny on income tax, as the hon. Gentleman's normal solution to problems is to raise taxes. However, there is a serious point behind the question, and I thank him for raising it. As I said in my reply, I do not want to impose further burdens on local government, although I acknowledge the role that it plays. I have invited the BTA to meet me to discuss how we may move this important agenda forward.

Peter Viggers (Gosport) (Con): Is the Minister aware that, perhaps because most architects are men, toilets provided for men and women tend to be about the same

size, even though women's needs are greater? Research by Cornell university has shown that the average man spends 45 seconds in a convenience, and the average woman 80 seconds. Does he agree that it is a scandal that insufficient provision is made for women? *[Interruption.]* I see that some Labour Back Benchers behind the Minister are laughing. Does he accept that they should realise that it is not a joke for the thousands of women who have to queue every year for the loo?

Mr. Woolas: Well, I was not aware of the facts that the hon. Gentleman has brought to our attention. I am also conscious of the likely presence of sketch writers in the Gallery, but I take the point that the hon. Gentleman makes seriously. The provision of public toilets by local authorities and others is an important local public service. Many local authorities take a good approach to that issue and it is a matter that the public take very seriously.

Affordable Housing

3. **Mr. Mark Harper** (Forest of Dean) (Con): If he will make a statement on the Government's policy on the provision of affordable housing in rural areas. [9715]

The Minister for Housing and Planning (Yvette Cooper): The Housing Corporation is currently funding 4,000 new, affordable homes over two years in villages of fewer than 3,000 people. The Government are setting up a new, affordable rural housing commission to look further at that, as set out in our manifesto.

Mr. Harper: The Forest of Dean district local plan is currently on the Deputy Prime Minister's desk awaiting approval. Is the Minister aware that the district's housing strategy is based on flawed assumptions, as three quarters of the affordable housing plan is actually for people not currently living in the district?

Yvette Cooper: The hon. Gentleman will know that I am not able to comment on matters that are passing through the planning system and on which Ministers will have to make a decision. Clearly, every area needs to address the issues of affordability and the problems in the housing market at the moment. It is simply not consistent for Opposition Members to complain about affordability and then oppose the building of the new homes that this nation badly needs.

Mr. David Kidney (Stafford) (Lab): The Government have commendable plans to try to make home ownership affordable for first-time buyers by variance of the current home-buy scheme, but has my hon. Friend picked up—as I have—some concerns from housing associations that the models indicated in a recent consultation paper may not be affordable in every situation? I am especially worried about rural areas, such as Stafford, if that is the case. Can my hon. Friend assure me that she is aware of the problem and that it will be corrected in the final scheme?

Yvette Cooper: We have been consulting on proposals for social home-buy options, and we will certainly take very seriously all the points that are made throughout the consultation. Regional differences will occur and rural areas will face different issues to urban areas. That is why we have said that there will be additional safeguards, similar to those that exist for the right-to-buy scheme in rural areas, for the social home-buy scheme.

Dr. William McCrea (South Antrim) (DUP): Will the Minister accept that affordable housing in rural areas is a problem across the whole of the United Kingdom? Therefore, will she encourage the Secretary of State to deal with that problem directly in Northern Ireland?

Yvette Cooper: The hon. Gentleman will know that I cannot answer for issues that are a matter for the Northern Ireland Office, but we recognise that the pressures in the housing market affect the whole country. That is why we have set out our proposals in the sustainable communities plan, which covers England. We will also respond to the Barker review, because we take the problem very seriously.

Chris McCafferty (Calder Valley) (Lab): Will my hon. Friend the Minister look carefully at the particular problems in rural honeypots, such as Hebden Bridge in my constituency? It has received wonderful accolades, such as the fourth funkiest town on the planet and the best high street for local shops in the UK—

David Taylor (North-West Leicestershire) (Lab/Co-op): Cannabis allotments!

Chris McCafferty: It is certainly a centre for alternative lifestyles. All those aspects conspire to make Hebden Bridge a highly desirable place to live for people from all over the UK. Can my hon. Friend the Minister look carefully at the problems of affordable housing for local people in such places?

Yvette Cooper: My hon. Friend makes an important point and we are setting up the rural affordable housing commission to consider exactly such problems. She is also right that the increased economic prosperity and investment that we have seen has had consequences for the housing market. We should recognise that we have 1 million more homeowners since 1997, as a result of the changes that were made with regard to the Bank of England, economic stability and economic growth, but we also want to support a new generation of first-time buyers. That is why we are considering those measures now.

Mr. Robert Syms (Poole) (Con): As there are 380,000 people on waiting lists for affordable housing and the Council of Mortgage Lenders says that fewer first-time buyers are entering the market than at any time in the last 20 years, there is no doubt that there is a major affordable housing crisis, especially in rural areas. What further measures can the Minister list to give confidence that a Labour third term will be any different from the failures of the last eight years?

Yvette Cooper: Let us make clear the further steps that we want to take. We are putting extra investment into social housing, so there will be a 50 per cent. increase in social housing over the next few years, and we have set out proposals in the sustainable communities plan to

build more homes. The hon. Gentleman must recognise that many of the current pressures on our housing market are because in the past 30 years there has been a substantial drop in housing supply relative to housing demand, and his party have constantly opposed building the new homes that the nation needs. The message that his party is giving to first-time buyers is, "We don't want to help you and we don't want you round here". That is not a message that the Labour party is prepared to give.

David Taylor (North-West Leicestershire) (Lab/Co-op): Of the 7,500 houses that North West Leicestershire district council—a good housing authority—owned in 1979, about 3,000 were disposed of under right to buy and the remaining 4,500 are the subject of a coerced block transfer. Can the Minister tell us why those 4,500 residual tenants, who were broadly happy with their landlord's responsiveness and housing policies, are being forced down the stock transfer route?

Yvette Cooper: Nobody is forcing tenants in any direction at all. What we have done is to make additional investment available through other routes. We have given councils more money to invest, which is why there is a 13 per cent. increase in investment in their housing stock by councils; but we are also providing alternative options, because that 13 per cent. is not enough to deal with the £19 billion backlog in repairs and maintenance that we were left with by the previous Government, which meant that people were not able to live in decent homes for the 21st century.

Local Government

4. **Dr. John Pugh** (Southport) (LD): What plans the Government have further to extend unitary local government in England. [9716]

The Minister of Communities and Local Government (Mr. David Miliband): The Government have encouraged debate about the future of local government, and we have said that we believe that questions of organisation should follow those of function. We are following the debate with interest.

Dr. Pugh: It is certainly horses for courses that there is no master plan. Should there be community support for another level of local government or unitary government, what would be the mechanics through which the process would proceed?

Mr. Miliband: There are a range of issues, including consultation with the boundary commission and others. My understanding of the issue in the hon. Gentleman's constituency is that it was investigated by the Local Government Commission in the mid-1990s, and the commission recommended that we should not go ahead with a unitary scheme for Southport. In general of course, the Government cannot simply decide on their own; they have to consult a range of interested parties and that is the procedure that would have to be followed.

Mr. David S. Borrow (South Ribble) (Lab): Will my right hon. Friend look seriously at the case for creating unitary authorities in Lancashire?

Mr. Gordon Prentice (Pendle) (Lab): Oh, no, no, no.

Mr. Borrow: Particularly given the strong support from the majority of Lancashire MPs for unitary authorities. The long drawn-out process before we actually make a decision to move to unitary authorities is creating uncertainty and is destabilising local government in the county. A fairly quick decision one way or the other would be helpful to all of us.

Mr. Miliband: My hon. Friend's question shows both the potential advantages as well as some of the pitfalls associated with that issue. I can certainly assure him that we will give it careful consideration before making any moves.

Mrs. Jacqui Lait (Beckenham) (Con): I believe that it is only courteous to the House to declare that I have an interest in this matter as my husband is the leader of a county council—[HON. MEMBERS: "Ooh."]—and an exceedingly good one, a Conservative-controlled county council that has improved by leaps and bounds since we beat the Liberal-Labour pact that used to run it.

However, as is palpably clear from the Minister's answers, he agrees with the Deputy Prime Minister's statement in January that the position is to have unitary authorities. Despite the discussion between Members from Lancashire, could the Minister indicate whether, given the number of powers already, or about to be, transferred by the Government to unelected and very unpopular regional assemblies, he already has in place a stealth plan to abolish England's historic local government boundaries?

Mr. Miliband: I can certainly assure the hon. Lady not only that I make it a point to agree with what the Deputy Prime Minister says, but that there is no stealth plan for the sort of abolition that she describes. On Monday, the Minister for Local Government, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas) described the hon. Lady's colleague as the "Member for Scaremongering, South." I think that we have got a bit more of that today.

Social Housing

5. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What steps he is taking to improve the stock of social housing. [9717]

7. **Jeremy Corbyn** (Islington, North) (Lab): What plans he has to increase the supply of council housing. [9719]

The Minister for Housing and Planning (Yvette Cooper): The Government are taking steps to improve both the condition and supply of social housing. Since 1997, we have halved the number of homes failing the decency standard, with a capital investment of

£21 billion, and we have doubled the budget for new social housing to increase building rates over the next few years.

Mr. Bailey: I thank the Minister for her reply. Certainly, the social housing stock in my local authority has improved enormously as a result of the investment. However, rising house prices mean that an increasing number of young people on low incomes are still unable to gain access to either the social or private housing market. How is she working with local authorities on schemes, such as social home buy, to ensure that everyone has the opportunity to have a house at an affordable cost?

Yvette Cooper: My hon. Friend is right: a lot of people want to buy either their own homes or a share in them, but they currently cannot afford to do so. That is why we set out proposals to help more than 100,000 more first-time buyers and key workers into shared equity schemes or into buying a share of their own homes. We are considering that further and we want those kinds of measures to be picked up across the country; but we must recognise that, if we are to address the pressures in the housing market, we also need to build more homes—something that the Conservative party has consistently and repeatedly opposed.

Jeremy Corbyn: Is the Minister aware that more than 250,000 people are on London borough councils' waiting lists and that, at the current rate of supply of new housing association properties, very few of those people have any chance whatsoever of being rehoused? The only way forward is for the councils to resume building houses for rent for people in housing need. Will she consider ring-fencing the capital budgets to ensure that they are used not just for improvements, but for new build to meet the desperate housing need of people who have no chance of ever buying a property in London?

Yvette Cooper: My hon. Friend is right to suggest that it is not simply a matter of improving the existing housing stock, but he will agree that desperately needed, substantial improvements to the quality of homes have been made. However, he is right to suggest that there is also an additional need: we need to build new social housing. That is why we are increasing the budget over the next few years. We also need to consider other ways to bring investment into social housing—for example, through section 106 of the Town and Country Planning Act 1990, and other work with English Partnerships—but he is also right to point out that London is an area of particular pressure. That is why we need to build new private market homes and new social homes as well, and that is what we are committed to doing.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The Government have set a target of building 500 affordable homes in my constituency, yet in April 2003, the local authority social housing grant, which was worth £1.85 million, was taken away. Will the Minister please tell me how she expects Shrewsbury borough council to provide 500 affordable homes when that crucial grant has been taken away?

Yvette Cooper: The hon. Gentleman has asked a series of questions about that, and he has perhaps misunderstood the way in which the housing finance mechanism works. More investment is going into affordable housing through the Housing Corporation and increasingly through the regional housing budgets, on which we will make an announcement shortly. So increased investment is available for new affordable housing. He is certainly right to suggest that we need to go further, and that is what we are doing over the next few years.

Alistair Burt (North-East Bedfordshire) (Con): Yesterday, the Secretary of State for Work and Pensions highlighted the growing opportunities gap for children who live in rented, rather than owner-occupied, social housing. He called on his own Government to do more to spring the trap. So as well as improving social housing stock—the Minister might have saved for social housing the fine terraces in Liverpool, rather than knocking them all down and sending people down to London—why is she not today announcing an urgent change of policy to accelerate the social home buy scheme or to extend the right of housing association tenants to buy their own homes? Who is right—the Minister or the Secretary of State?

Yvette Cooper: That was a rather confused question, which shows that the hon. Gentleman has not remotely looked at the programme in Liverpool, which addresses problems of serious low demand as well as the pressures of high demand, issues that his Government ignored completely for many years. It is certainly the case that we want to provide council and social housing tenants with opportunities to be able to afford a share in their own home. Again, that is something that the previous Government did not look at. We want to act in a way that supports expanding social housing and not in a way that is at the expense of it and undermines it, which is the approach that his party took for many years.

Dr. Brian Iddon (Bolton, South-East) (Lab): According to Government-funded research carried out by the Building Research Establishment, the management and maintenance allowances are not adequate to keep council homes up to a decent standard. Will my hon. Friend therefore consider increasing the management and maintenance allowances above the current rate of 6 per cent. in order to bridge that gap?

Yvette Cooper: As my hon. Friend may be aware, we have already increased the amount of investment going in through management and maintenance allowances to both council and social housing. There has been a 13 per cent. real increase since 1997. That, on its own, is not enough to address the backlog, and that is exactly why we have seen the extra investment of £21 billion going into social housing. The investment goes into very practical things; it is about giving people new windows and proper central heating and making sure that we have the modern standards in our social housing to which tenants should be entitled.

Empty Housing

6. **Mrs. Siân C. James** (Swansea, East) (Lab): What research the Department has commissioned on making more effective use of empty housing. [9718]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): The Office of the Deputy Prime Minister in 2003 published, as a result of extensive research, both a guidance booklet and an implementation handbook entitled "Empty Property: unlocking the potential—a case for action". I commend them both to my hon. Friend and the House.

Mrs. James: I thank my hon. Friend for his answer, but does he recognise that there should be more focus and resources provided by the Government to make better use of empty housing stock, such as in my constituency? Shelter feels that this is needed to alleviate the negative effects of homelessness and housing need.

Jim Fitzpatrick: My hon. Friend is right. Empty homes are not just a waste, but are a target for antisocial behaviour. The Office of the Deputy Prime Minister is assisting local authorities to try to deal with this problem. She may know that we will be consulting shortly on secondary-legislation issues around the empty dwelling management orders and hope to see them introduced later this year. She will also be aware that we have introduced fiscal incentives and penalties to try to help with the situation.

Simon Hughes (North Southwark and Bermondsey) (LD): Given that last year, we had nearly 700,000 empty homes in England and nearly 100,000 in London, could the Government learn the lessons and apply the urgency, enthusiasm and focus that we have had in our brilliant Olympic bid to reduce the number of empty homes? If so, could the Government follow the Select Committee recommendation of an annual report and recommendations and the urban taskforce recommendation of equalising VAT on new build and restoration?

Jim Fitzpatrick: I listened carefully to the suggestions that the hon. Gentleman made in respect of the statistics that he quoted. Last year, there were 700,000 empty homes in England, but that figure was below 600,000 in 2004. Considerable progress has been made. The Office of the Deputy Prime Minister and local authorities are concentrating on the 300,000 homes that have been empty for more than six months. We have reduced VAT on homes empty for more than three years, and we have zero rated it for renovations for homes empty for more than 10 years. We are trying to ensure that there are fiscal incentives for empty homes to be brought back into the letting sector.

Andrew Gwynne (Denton and Reddish) (Lab): My hon. Friend will be aware of the superb job being done by New East Manchester in tackling the empty housing problems there. What discussions is his Department having with neighbouring authorities, such as Tameside and Stockport councils, to ensure that the very real problems of market failure do not spread into the adjacent areas?

Jim Fitzpatrick: I am grateful to my hon. Friend for the information that he supplies about the good work being done locally. We are trying to work with all local authorities and I am sure that the subject of empty homes will be a feature of the local government conference, which starts today in Harrogate. We are also working with non-governmental agencies, such as the Empty Homes Agency, to try to make sure that we address the problem with the seriousness that it deserves. We will certainly look at the local authorities that he mentioned and make sure that they are getting the best possible advice from the Office of the Deputy Prime Minister.

Supporting People Budget

8. **Tony Baldry** (Banbury) (Con): What representations he has received on the distribution formula for the supporting people budget; and if he will make a statement. [9720]

The Minister for Local Government (Mr. Phil Woolas): Some 117 responses were received following the first consultation paper on developing an allocation formula in 2001, 38 responses were received to the second consultation paper in 2002 and more than 50 responses were received following the publication of a briefing paper on the distribution formula last autumn.

Tony Baldry: Under the proposed distribution formula, Oxfordshire will lose more than 60 per cent. of its supporting people grant, which will hit some of the most vulnerable people, such as the chronically mentally ill who live in supported accommodation. It will affect support services in hostels for homeless people and support for people with learning disabilities. Why do the Government introduce a programme such as supporting people only then to turn round almost immediately and pull the rug away from us in Oxfordshire, thus dashing the hopes of many of the most vulnerable people who had hoped and expected to get an improvement in their lives?

Mr. Woolas: I acknowledge the genuine constituency concerns that the hon. Gentleman raises. He has had meetings with my colleagues in the ODPM. I assure him that there are no plans whatsoever to reduce the budget in Oxfordshire by 60 per cent. or anything like that figure. Indeed, Lord Rooker has given assurances, with the inclusion of dampening in the formula, that no such thing could possibly happen.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [9698] **Mr. Edward Leigh** (Gainsborough) (Con): If he will list his official engagements for Wednesday 6 July.

The Deputy Prime Minister (Mr. John Prescott): As the House knows, the Prime Minister is in Gleneagles, where he is hosting a very important G8 summit. The Prime Minister flew to Scotland directly from

Singapore, where he has been helping to press London's case to host the 2012 Olympics. I understand that the votes of the International Olympic Committee ballot have been counted and that the result will be announced shortly. I congratulate everyone involved in the London 2012 team on getting through to the final round, as has just been announced, and putting together what is widely recognised as a superb bid.

Mr. Leigh: Quite apart from the appalling effect on world poverty and fair trade of the common agricultural policy, has the Deputy Prime Minister had a chance to read the recent Public Accounts Committee report on fraud in the EU, which details why, for 10 consecutive years, the European Court of Auditors has been unable to sign off the EU's accounts because of corruption? Can we all in this House unite behind a campaign to sweep away the bureaucratic, corrupt and damaging CAP?

The Deputy Prime Minister: The hon. Gentleman makes a fair point about fraud and corruption. The President of the Commission recently announced that he intends to investigate those matters further and deal with them—[HON. MEMBERS: "Oh!"] Well, that must be the case. We cannot condone the situation, so we say that the problem must be dealt with.

The Prime Minister's speeches about the CAP in Brussels and at the summit have had a considerable effect on our partners. There will be change and we intend to bring it about. We were not the ones who took us into the CAP, by the way.

Chris Ruane (Vale of Clwyd) (Lab): What measures can be taken to ensure that the hundreds of thousands, if not millions, of UK citizens who are left off the electoral register can be put on it as soon as possible?

The Deputy Prime Minister: As my hon. Friend knows, a report by the Electoral Commission is being considered by the Department for Constitutional Affairs, which will report on it shortly. It is of great importance to all of us that the number of people who vote is maximised. Indeed, postal ballots increased the number of people voting by millions. While there has been a lot of criticism of them, I am bound to say that we must get a proper balance on such matters. They are without doubt one of the ways in which we can get more people voting in elections.

Mr. Michael Ancram (Devizes) (Con): I join the Deputy Prime Minister in the tribute that he paid to our London bid team—we all await the outcome of the vote with anticipation. We quite understand why the Prime Minister cannot be here today, and I am sure that the whole House will wish the G8 leaders success this week in addressing the problems of Africa and climate change. However, in his message this week to G8 leaders, the Zimbabwean Opposition leader, Morgan Tsvangirai, said:

> "Zimbabwe is an albatross to all African leadership credibility and therefore we want to see a strong message that this regime has gone beyond what is acceptable behaviour of any government, and that it must be called to order".

Will the Deputy Prime Minister join me in wholeheartedly endorsing that plea and agree that, as well as working to make poverty history, the G8 should be working to make tyranny history, too?

The Deputy Prime Minister: I welcome the right hon. and learned Gentleman to the first time since the election that Prime Minister's questions have been taken by the deputies. He will recall that I told him that the election would be on 5 May, something that he received with great hilarity. I also told him that we would win the election. We did. Handsomely. [HON. MEMBERS: "Oh!"] Sixty-odd Members sounds a pretty good majority to me.

We are all concerned about what is happening in Zimbabwe. The G8 will make its own comments. We must welcome the fact that the African Union has sent an envoy to Zimbabwe to make the points to it and to report back, as, I think, has the United Nations. The House has been calling for that, and the Prime Minister has made it clear from time to time. I hope that the right hon. and learned Gentleman welcomes that.

Mr. Ancram: The Deputy Prime Minister's view of "handsome" and mine are obviously somewhat different. His party was elected to government on a 35 per cent. share of a 65 per cent. turnout of electors—the lowest winning level in history. In England, his party got fewer votes than our party. If he had any respect for the British people, he would show a little humility.

May I at least welcome the fact that the Deputy Prime Minister takes seriously the horrors and gravity of the human rights abuses in Zimbabwe? Why on earth then are this Government still trying, without due safeguards, to send Zimbabwean asylum seekers in fear of their lives back to the blood-stained hands of Mugabe and his thugs?

The Deputy Prime Minister: The right hon. and learned Gentleman is well aware that that is not the case. Each individual case is judged by the Home Secretary, as has been made clear in statements to the House. I do not accept the right hon. and learned Gentleman's interpretation.

Mr. Gordon Marsden (Blackpool, South) (Lab): Will my right hon. Friend pass on the thanks of all the people of Blackpool to his colleagues in the Department for Environment, Food and Rural Affairs for the £62 million investment in modernising the sea wall to north pier that has just been announced? Does he agree that that money and the investment in the central corridor from EU and regional development agency funds, which is to be completed this weekend, show that Blackpool is on a strong course for regeneration, one that we hope will be joined in due course by a resort casino?

The Deputy Prime Minister: I agree that Blackpool needs a great deal of regeneration. *[Laughter.]* I think that is true. Anyone visiting Blackpool will know that to be the case. Indeed, we appointed an urban development body to do just that, and we hope to see much more development. As to whether we would consider a casino in Blackpool, my hon. Friend will know that in my job

as Planning Minister I may have some influence on that decision under the new legislation, so I cannot comment.

Sir Menzies Campbell (North-East Fife) (LD): I add my congratulations to those responsible for the British bid. For what are now largely historical reasons, I have a particular interest in the outcome in Singapore. Like everyone else, I have my fingers crossed.

The United Kingdom is now the second largest exporter of arms in the world. Since 1997, we have exported more than £2.5 billion-worth of arms to Africa. At Gleneagles, will the Government press G8 leaders, whose countries account for more than 80 per cent. of world arms sales, to sign up to the proposed international arms trade treaty, and to ensure that the export of arms neither fuels conflict nor contributes to the abuse of human rights in Africa?

The Deputy Prime Minister: The right hon. and learned Gentleman knows that we have been leading most of the argument in the EU. The question is a powerful one, and we have secured a great deal of agreement on it. We must achieve consensus on those matters within the European Union, and we are doing our best to do so.

Sir Menzies Campbell: I am grateful to the Deputy Prime Minister for his positive response. He will know that, of all the crises on the African continent, the situation in Darfur is particularly grave. Disease, hunger and violence kill thousands every month. Does he agree that the African Union force is too small and its mandate too weak to have a decisive impact? Does not the situation now demand the swift deployment of an expanded and properly resourced African Union force with a new and unequivocal mandate to protect civilians and enforce peace? With four permanent members at Gleneagles, will the Government seek agreement to take that proposal to the Security Council?

The Deputy Prime Minister: When I entered the House in 1970, my first trip abroad was to the Sudan, where there was a civil war. People talk about the civil war in Sudan as if it started in the 1980s but in fact it had been raging well before then. There is a terrible tragedy in Sudan, but it is possible to identify Darfur with even worse atrocities. We are providing military and financial assistance and other help. Criticisms have been made of the African Union's involvement and whether it is adequate. That is being considered by the United Nations, and we will give whatever support we can.

Michael Jabez Foster (Hastings and Rye) (Lab): My right hon. Friend and his colleagues have done brilliantly in doubling overseas aid for the poorest in the world after many years of mean-spiritedness. However, does he agree that, as France is apparently spending more of its gross domestic product on aid and is closer to the 0.7 per cent. than we are, it is a matter of national honour that we do something at least to match that?

The Deputy Prime Minister: As my hon. Friend acknowledged, we are doing tremendously well in achieving that target. We have agreed when we will achieve it, and the European Union has agreed that other nations should achieve it. It will have a tremendous effect on foreign aid, particularly for Africa. Whatever is agreed at the G8, we all agree that there have been tremendous advances in the past few months on the amount of money to be given to those countries. Six or seven months ago, everybody said that that was not possible and that we would not be able to secure an agreement. That contrasts strongly with the halving of foreign aid by the Tories in the last Administration.

Q2. [9699] **Mark Pritchard** (The Wrekin) (Con): Will the Deputy Prime Minister take the opportunity to apologise to my constituent, Miss Emma Walker of Leegomery, who has been suffering from toothache for over 12 months? Despite 25 attempts, she is still unable to register with an NHS dentist. What is the Deputy Prime Minister going to do about it?

The Deputy Prime Minister: The hon. Gentleman should take into account what happened to dentistry under the previous Administration. The Tories closed down two training schools and introduced a new contract that drove most dentists into the private sector. We have been trying to deal with those difficulties. Let me give him some facts. The number of primary care dentists has gone up from 16,700 in 1997 to over 20,000. Our target to recruit the equivalent of 1,000 dentists by October will mean 2 million more people can be treated. Those are the improvements that we have achieved after the mess that we inherited. Fifty-three dental access centres provide treatment for over 400,000 people. We recognise the difficulties, but we are dealing with them and are making improvements. That was covered in a recent debate in the House, when it was made clear that major improvements are coming—not enough, but they are on the way. We are going in the right direction, because we believe in a national health service, not a privatised one.

Kali Mountford (Colne Valley) (Lab): I am visiting two school assemblies on Friday to discuss the Make Poverty History campaign. Will my right hon. Friend send a message to those two school assemblies about how they can ensure that making poverty history does not start and end with a concert, but is something that we should all do throughout our lives to make sure that the scourge of poverty is not visited on their generation?

The Deputy Prime Minister: My hon. Friend is right, and it is right to talk to the youngsters in our schools about it. From my visits to schools, I have noticed that they are keen to talk about it and ask us why we are not doing enough. That is the experience of most people. However, we should recognise that the concerts have played a major part. Let us give credit to people who have gone out and put the poverty issue on the map, assisting both the Chancellor and the Prime Minister, who have constantly carried the message abroad. The recent concerts played a major part in putting it publicly on the agenda, with many people saying, "Do something about it and do it now."

Mr. Michael Ancram (Devizes) (Con): When the Prime Minister said last week that he wanted to get rid of the common agricultural policy, what did the Deputy Prime Minister understand him to mean by that?

The Deputy Prime Minister: The Prime Minister was making it clear, as he did in his speech in Brussels, that he wanted to see the CAP changed. From the anomaly of the CAP came the rebate, and he was suggesting in his presidency speech that we needed to take both into account—that if we wanted a modern financial facility for Europe, we had to make major changes, and that for the CAP to take about 70 per cent., to be reduced to 40 per cent. by 2013, was still not good enough. I toured the eastern European countries recently, and they are clear that they want a modern economy, not one simply geared to conserving, as the common agricultural policy does.

Mr. Ancram: The Prime Minister did not just talk about changing the CAP. He spoke last week of getting rid of the CAP and we need to know how he intends to do that. Did he really mean scrapping all support schemes for agriculture, did he mean, as we do, an alternative system for environmental protection, or did he mean some other means of support? Surely as president of the European Council, the Prime Minister knows how he will secure his stated aim, or is this once again a case of brave words that will be followed by inaction?

The Deputy Prime Minister: No, the Prime Minister certainly wants to get rid of the present CAP. He recognises that there are arguments about the subsidies and the CAP. I should be very surprised if a Tory Administration did not see an argument for subsidies being used in the common agricultural policy. It is about getting a proper balance, which we do not have in the present financial facility in the Community. That is what my right hon. Friend meant. We made it clear in our manifesto that we want to get rid of the export subsidies by 2010. There are changes that we want to make and we have outlined them, so that, for the first time, the issue has been seriously put on the agenda by the Government and is now the subject of serious debate.

Mr. Ancram: Can the Deputy Prime Minister then confirm that getting rid of the CAP would require renegotiating the treaties?

The Deputy Prime Minister: The right hon. and learned Gentleman calls for changes. Our Government have made the position clear. I get the feeling that his demands are more of a leadership bid from him on the CAP than anything to do with change.

Mr. Ancram: It is clear that the Deputy Prime Minister has no idea that getting rid of the CAP requires renegotiating the treaties. Is it not extraordinary that, at the beginning of the British presidency of the European Council, the Government do not seem to know where they want to go in Europe, whether they will defend our rebate, how they will achieve the Prime Minister's aim of getting rid of the CAP, or whether they want the constitution brought back or not. Would the Government not do well to take a leaf out of a former Prime Minister's book and start demonstrating a bit of clarity and deploying a bit of handbag?

The Deputy Prime Minister: I have no doubt now that this is the start of the right hon. and learned Gentleman's leadership campaign. I notice he made a speech last night in which he left open the question of whether he is running. I hope he does, because the contest needs a bit of class. He also said in his speech last night that the Conservatives as a party lacked character, coherence and context. Well, he is spot on there. I have been telling him that for years. If he stands, that makes 11 candidates so far, some of them on the Front Bench. There might be more—perhaps we could find out. Can he help the country by asking those who intend to be candidates in the election to put their hands up? *[Interruption.]* Oh, we have got one. That makes 12. Now we have the dirty dozen.

Martin Linton (Battersea) (Lab): Will my right hon. Friend find time to visit London's biggest regeneration project at Battersea power station? Will he particularly welcome the jobcentre that opened yesterday, where the developers, the Department for Work and Pensions and local colleges are working together, with funding from the single regeneration budget, to ensure that local people can take up at least a third of the 9,000 jobs that the project will create?

The Deputy Prime Minister: I agree with my hon. Friend. That is a further example of the fact that, after nearly eight years in government, the number of those in work continues to increase. No Government have had a month-on-month increase in employment for such a long period of time. I am delighted that Battersea power station will now be used, as that development has been wanted for several years. I looked at the facility seven or eight years ago. It was visited by the Secretary of State for Work and Pensions, who pointed out just how many jobs will come from the creation in London of this new facility, along with new development and regeneration. Again, it shows our Government at the fore in putting employment, regeneration and improving the quality of people's lives first.

Q3. [9700] **Mr. Brian Binley** (Northampton, South) (Con): Mr. Deputy Prime Minister, three weeks ago the Prime Minister was asked to meet a delegation about the underfunding of police in Northamptonshire, which has continued for a considerable number of years. He did not answer. My grandmother always said, "Never trust a man who doesn't give a straight answer." *[Interruption.]*

Mr. Speaker: Order. The hon. Gentleman must be quick with the question.

Mr. Binley: Will the Deputy Prime Minister now answer on the Prime Minister's behalf?

The Deputy Prime Minister: Clearly the hon. Gentleman is after the granny vote. He talks about reductions in police forces and resources. In his area, under a Labour Government, we have provided a record number of police officers—1,264, which is 87 more than in 1997—plus 39 community support officers. He is typical of Tories who arrived here having fought the election saying, "Cut taxes and yet increase support and finances for public services." It would have

been better if he had got up and congratulated a Labour Government on giving his constituency more nurses, more hospitals, more teachers, and more police, and reducing long-term unemployment there by 77 per cent.

Q4. [9701] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): My right hon. Friend is rightly a great champion of regeneration—it is his passion and he is quite open about it. However, in north Staffordshire openness and transparency on this vital issue have recently taken a step back. Our regeneration zone body has not only become a private company but unjustifiably decided that it can behave like a private company and meet behind closed doors—just like Marks and Spencer, as its director said yesterday. Does my right hon. Friend agree that openness and accountability are vital for public confidence in regeneration and that such bodies should meet in public and maintain access?

The Deputy Prime Minister: My hon. Friend raises a serious point. He has two regeneration bodies—Renew, the pathfinder, from which I believe that he gets the fullest co-operation, and the regeneration zone body, with which he has had difficulties. All these organisations are publicly funded bodies and should make available to Members of Parliament the information that they want about regeneration in their area. I am sad to hear what my hon. Friend says; perhaps if he wants to have a chat with me, I will take it up with the authority. I want to make it clear that, as more and more such bodies are set up, the fact that they may be some distance away from us does not mean that they should not be accountable to public representatives, especially to Members of Parliament who rightly ask for information.

Mr. John Baron (Billericay) (Con): The Deputy Prime Minister will be aware that the Government overruled the planning inspector and Basildon council and gave Travellers, who had built illegally on greenfield land in Crays Hill, a two-year extension in which to move on. Given that, in that period, the number of caravans on the illegal site has increased from 20 to 86, and that the cost of eviction has now risen to £2 million, representing approximately 15 per cent. of one year's council tax, will the Government financially assist Basildon council to meet the increased eviction cost so that local taxpayers are not unfairly penalised?

The Deputy Prime Minister: The hon. Gentleman knows that he raises a difficult problem for certain areas. I am bound to say that the previous Administration relieved local authorities of the responsibility of providing land for sites, and many Gypsies therefore move on to unauthorised sites or buy the land. Those circumstances are difficult to tackle. However, fewer caravans are being registered in those areas and we hope that there will be a reduction in numbers. Our actions to give advice to local authorities are beginning to work and I hope that we can deal with the problem of the Gypsies reasonably and openly. It is a pity that a fraction of all the money that is spent on legal expenses for removing the Gypsies is not used for providing land and lessening the problem.

Social Behaviour

Q5. [9702] **Mr. Graham Allen** (Nottingham, North) (Lab): If he will take steps to ensure that the same priority is given across Government to promoting social behaviour as is given to tackling antisocial behaviour; and if he will make a statement.

The Deputy Prime Minister: Our priority is always the rights of the law-abiding majority. That is why we are tackling and not tolerating the problem.

Mr. Allen: Does the Deputy Prime Minister accept that prevention is almost as important as cure in the case that we are considering? As the Cabinet's antisocial behaviour sub-committee begins its work, will he ensure that he puts before it preventive measures such as ensuring that parenting skills are taught at every school and that tracking and intervention by public authorities is more coherent so that we have early intervention? Will he also ensure that placing social behaviour on the national curriculum alongside literacy and numeracy is considered? Will he be tough on antisocial behaviour but also ensure that he is tough on the causes of antisocial behaviour so that we do not all have to pick up the pieces later?

The Deputy Prime Minister: The House is aware of my hon. Friend's campaign on the matter. The problem faces every one of us in our constituencies. We are doing a lot in providing Government money for priority programmes. One such programme, Sure Start, is a long-term programme. Another provides resources for helping the parents, for which approximately £400 million is being spent. Citizenship is part of the curriculum in schools. The other matters should also be included. We intend to take a more comprehensive approach.

Engagements

Q6. [9705] **Paul Holmes** (Chesterfield) (LD): There are 10,000 council tenants in Chesterfield and a satisfaction rate of 84 per cent. with their excellent Liberal Democrat council. They pay £22 million in rent to the housing department but the Government steal £3 million to £4 million a year of that money to spend on housing elsewhere in the country, such as London. If the tenants transferred to a housing association, the money would be allowed to stay in Chesterfield. The Deputy Prime Minister told the Labour—

Mr. Speaker: Order. Will the Deputy Prime Minister try to answer?

The Deputy Prime Minister: I think that the hon. Gentleman's complaint is about the clawback of rent resources. He knows that all Governments have taken the view that council house rents and revenues are national assets, which the national Government finance. The agreement has stood between all Governments so far—not the Liberals, because they did not do that in 1900. We have agreed that some of the money should go back. Some of our equity agreements on social housing allow local authorities to keep 100 per cent. of the money. I have heard the hon. Gentleman's point about council housing often in debates here. However, we have

put £23 billion into improving housing stock, which was in a bad way. I do not know what it was like in Chesterfield but when we asked tenants to participate in the debates, approximately 189 ballots took place in only 28 of which was the vote against. They find this way of dealing with things satisfactory. Perhaps the hon. Gentleman should chance his arm and ask the tenants instead of giving us his view.

Stephen Hesford (Wirral, West) (Lab): My right hon. Friend will know that Merseyside pioneered neighbourhood policing. He will also know that Wirral pioneered the use of community support officers to tackle antisocial behaviour. The 60 extra police officers provided over the past nine months, and the other initiatives and extra resources, have caused the number of burglaries to fall by 25 per cent. and the number of robberies by 43 per cent. What additional measures has my right hon. Friend in mind to build on that success?

The Deputy Prime Minister: We have put a tremendous amount of resources into policing. A target has been set, and we have increased the number of police officers by about 13,000 since 1997.

The community support officers are very popular indeed. Already 6,000 have been appointed, and we hope to increase the number to 24,000. I have no doubt that Members discovered during the general election campaign that wardens and community support officers were very popular, and that there was a correlation with the lower crime figures.

We think that what we are doing is right, and it is a priority for us. We are finding that it requires resources, but the Conservative party is committed to reducing them.

7. [9706] **Sir Peter Tapsell** (Louth and Horncastle) (Con): Given his well-known commitment to European solidarity, can the right hon. Gentleman estimate the number of European leaders attending today's G8 summit who admire the statesmanship shown by our Prime Minister in helping to plunge Iraq into a chaos that the United States Defence Secretary thinks may last for 10 or 12 years?

The Deputy Prime Minister: It should be made clear that, as the Prime Minister has said in answer to questions about statements made in America, we as a party and as a Government will retain our military forces in Iraq for as long as it is necessary to carry out that responsibility. That is our case, and that is what we will make clear at the G8 summit or anywhere else. Anyone working out how long it will take is a master of pure guesswork. We look to the democratic development that is happening in Iraq, and we greatly welcome it.

I wondered what question the hon. Gentleman might ask, and looked at some of his past questions. I then took advice from my financial adviser, my hon. Friend the Member for Bolsover (Mr. Skinner), who told me to reply that gold sales were now down.

Points of Order

12.32 pm

Mr. Alex Salmond (Banff and Buchan) (SNP): On a point of order, Mr. Speaker. Have you received any notice of a statement from the Secretary of State for Scotland on events surrounding the Gleneagles summit? I understand that there were outbreaks of violence in Stirling and the Perthshire villages this morning, caused by anarchist factions which should be roundly condemned, that road and rail routes to Gleneagles have been disrupted or blocked, and that the police have been unable to protect the right to hold legitimate and approved demonstrations at Gleneagles today.

These are crucial matters, Mr. Speaker. They touch on public safety, freedom of assembly and freedom of speech. Would it not be appropriate, especially as the Scottish Parliament is not currently sitting, for the Secretary of State to keep the House involved and informed of developments as they happen?

Mr. Speaker: The hon. Gentleman asked me at least two questions. *[Interruption.]* Order. Hon. Members who are leaving should not walk in front of the hon. Gentleman who has the floor.

The hon. Gentleman asked whether I had received an approach from the Secretary of State for Scotland; the answer is no. He also asked my opinion on whether the Secretary of State should come to the House. That is a matter for the Secretary of State's judgment.

Lembit Öpik (Montgomeryshire) (LD): On a point of order, Mr. Speaker. You will know that during the suspension of the Northern Ireland Assembly, which has continued for some time, the Government have resorted to the use of statutory instruments and Northern Ireland Grand Committees to conduct the governance of the nation. The problem is that neither of those two vehicles enables legislation to be amended in any way. On every occasion, there must be a simple yes/no decision.

Is there anything we can do, Mr. Speaker, to make the governance of Northern Ireland more democratic and flexible, rather than disrespecting the will, the interests and the preferences of the House because the Government are unwilling to give Northern Ireland politicians and representatives of the respective Northern Ireland parties any chance to amend legislation in the Chamber?

Mr. David Lidington (Aylesbury) (Con): Further to that point of order, Mr. Speaker. May I associate myself with the comments made by the hon. Member for Montgomeryshire (Lembit Öpik) and put it to you that it is a denial of the democratic rights of the people in Northern Ireland for their representatives to be unable to move amendments and debate in detail matters that, were they to affect other parts of the United Kingdom, would be the subject of full legislative procedure? Is it possible for you to use your offices to encourage cross-party discussion, within the parties represented in the House, about alternative ways forward?

Rev. Ian Paisley (North Antrim) (DUP): Further to that point of order, Mr. Speaker. I would like to support the hon. Gentlemen who have spoken. It is a great source of difficulty to us not to have the Northern Ireland Grand Committee meeting in Northern Ireland, which is because Social Democratic and Labour party Members are refusing to co-operate.

Mr. Speaker: I do not want to be drawn into that particular argument. Obviously, as a parliamentarian, I want to see the democratic institutions being used throughout the United Kingdom. The matters that the hon. Gentlemen have raised, however, are not within my powers. I know, however, that the Secretary of State for Northern Ireland has been present in the Chamber, and will have heard the concerns expressed by Members from the parties concerned.

David T.C. Davies (Monmouth) (Con): On a point of order, Mr. Speaker. You will be aware that last November the then Secretary of State for Health ordered a report into serious allegations that the British Pregnancy Advisory Service had been encouraging women to go to Spain to undergo abortions after 24 weeks. That report has now been completed and is with the current Secretary of State for Health. In response to several written questions about when that report will be published, however, she will only say that it would be inappropriate to comment further. Because of that, the Table Office refused to accept any further questions about the matter. Can you advise new Members how we can encourage Ministers to maintain the commitment to openness and transparency that they often trumpet, and how we can persuade them to publish the report and answer questions about it?

Mr. Speaker: The matter that the hon. Gentleman raises is not a matter for me, except to say that his more senior colleagues will help him to draft more and more questions and to seek an Adjournment debate, on which a ballot takes place and on which I have discretion, but I make no promises. He must pursue those matters as a Back Bencher.

John Bercow (Buckingham) (Con): On a point of order, Mr. Speaker. I seek your guidance as to whether you have had an indication from the Foreign Secretary that he wishes to make a statement to the House about the size and composition of his ministerial team. Given the enormous importance, on which Members throughout the House agree, of tackling global poverty on the one hand, and the fact of the G8 summit at Gleneagles on the other, is not it extraordinary that the Minister exclusively responsible for Africa and answerable to this House has been sacked and replaced by a Minister who is not exclusively responsible for Africa and who is not answerable to this House?

Mr. Speaker: The sacking of Ministers is absolute'y nothing to do with me.

BILL PRESENTED

INTERNATIONAL DEVELOPMENT (ANTI-CORRUPTION AUDIT)

Mr. William Cash, supported by Mr. Edward Leigh, John Bercow, Mr. Peter Lilley, Sir George Young, Mr. Lindsay Hoyle, Mr. Laurence Robertson, Mr. Jeffrey M. Donaldson, Nick Harvey and Mr. Shailesh Vara presented a Bill to amend section 7 of the International Development Act 2002 to require the imposition of conditions relating to internationally supervised audit on assistance: And the same was read the First time; and ordered to be read a Second time on Friday 14 October, and to be printed [Bill 40].

Representation of the People (Amendment)

12.39 pm

Sir Patrick Cormack (South Staffordshire) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Representation of the People Acts in respect of deceased candidates.

Obviously, I should begin by declaring a recent interest in this subject. May I also say to you, Mr. Speaker, and to Members in all parts of the House, how grateful I have been for the welcome that I have received on my delayed return to the House? Although I realise that that welcome has been genuine, it has also been partly prompted by the fact that every Member knows that there but for the grace of God could he or she have gone. I seek to save any colleague in any part of the House from having to face the sort of long ordeal that I had to face in May and June. I am grateful to the Minister of State, Department for Constitutional Affairs both for her helpful encouragement and for her presence here today.

I shall explain briefly why I seek to bring in the Bill. On 1 May I became the victim of a law drawn up in an era when most election contests were either straight fights or three-cornered ones, before the proliferation of candidates that is now so common in almost every constituency.

There are four main defects in the law. First, the party affected by the death of the candidate has no chance either to field a substitute or to withdraw from the election. Secondly, the law does not distinguish in any way between candidates. If any one of the Prime Minister's 14 opponents had died, right up until the declaration of his result, he could not have been elected on 5 May. And if Catherine Taylor-Dawson of the Vote for Yourself Rainbow Dream Ticket party had died, there would have been chaos in Wales. She obtained one vote—presumably her own—in Cardiff, North, but she also stood in all three other Cardiff seats, polling a total of less than 300 votes in all four. If she had died, Cardiff would not have been represented in the House at all—and I remember the day, in 1974, when the Government had an overall majority of four. Colleagues should reflect briefly on the consequences of such an action. And what if a single candidate stood against every Member for the Cabinet and then committed suicide? [HON. MEMBERS: "Any volunteers?"] Those are all practical possibilities.

Thirdly, the length of the delay is surely inordinate. Twenty-eight days after the proof of death the writ is reactivated, which gives a minimum of seven weeks' delay before the new election.

Fourthly, new entrants are allowed into the field. Although the new election is supposed to be, and indeed legally is, part of the general election, new candidates who had not signified their original intention to stand are allowed to enter.

My Bill does not propose to allow dead candidates to be elected, as in the United States, but I propose that the party affected by the death should have the choice of withdrawing or substituting a candidate, and that if necessary, a delay of 72 hours would be allowed for the reprinting of ballot papers.

I am also suggesting that the law should not apply to any independent candidate. An "independent" candidate—three of the Prime Minister's opponents were designated merely by that word—is by definition sui generis, unique, so if such a candidates dies, that is the end of the matter; nobody can substitute. That should not hold up an election. The law should not apply to any party that polled less than 10 per cent. in the constituency concerned at the previous general election, or less than 5 per cent. nationally, if the party did not contest the constituency concerned. That would solve the problem of maverick or mischievous candidates bringing constitutional chaos to the country. I also suggest that no candidate should be allowed to stand in more than one constituency.

My final main proposition is that the delay between the death and the new polling day should in no circumstances be more than 28 days. Last time such a thing happened was in 1951, and in those days the law said that no more than 14 days should pass. Perhaps that timing was a little tight, but 28 days should be ample even for a major party to find another candidate.

Finally, no new candidate who had not signified an intention to stand in the original election should be allowed to stand in the rescheduled election. Nor should any major party be allowed to substitute its original candidate without the certification of the returning officer that the reason is a genuine and acceptable one. I had a new Labour opponent and I am not suggesting that the reasons for the substitution were anything other than genuine and entirely acceptable, but I do not believe that substitution should be automatically allowed.

As it stands, the law at the moment qualifies for Mr. Bumble's famous description that the law "is an ass". It needs changing because the case that I have illustrated has brought to wider public attention what can be done by mischief makers or malevolent people. I am most anxious that, before the next general election, we should have tidied up the law.

What I am proposing is a partial repeal of that worst of all laws—the law of unintended consequences. I very much hope that all Members on both sides of the House will feel able to join me and my distinguished sponsors and give the measure a fair wind.

Question put and agreed to.

Sir Patrick Cormack: Before I formally read out the list of supporters, I want to thank my hon. Friend the Member for Lichfield (Michael Fabricant), to whom I am most grateful for having the opportunity to present my Bill today.

Bill ordered to be brought in by Sir Patrick Cormack, Mr. Alan Beith, Sir Menzies Campbell, Mr. Robin Cook, Mrs. Gwyneth Dunwoody, Michael Fabricant, Chris Grayling, Mr. Austin Mitchell, Mr. Mark Oaten, Rev. Ian Paisley, Ms Gisela Stuart and Sir George Young.

REPRESENTATION OF THE PEOPLE (AMENDMENT) BILL

Sir Patrick Cormack accordingly presented a Bill to amend the Representation of the People Act in respect of deceased candidates: And the same was read the First time; and ordered to be read a Second time on Friday 28 October, and to be printed [Bill 41].

Orders of the Day

Finance Bill

Not amended in the Committee and as amended in the Standing Committee, to be considered.

Ordered,

That the Finance Bill, as amended, be considered in the following order, namely,

New Clauses, amendments relating to Clauses 1 to 6, Schedule 1, Clauses 7 to 12, Schedule 2, Clauses 13 to 24, Schedule 3, Clauses 25 to 34, Schedule 4, Clause 35, Schedule 5, Clauses 36 and 37, Schedule 6, Clauses 38 and 39, Schedule 7, Clause 40, Schedule 8, Clauses 41 and 42, Schedule 9, Clauses 43 to 49, Schedule 10 and Clauses 50 to 69, new Schedules, amendments relating to Clause 70, Schedule 11 and Clauses 71 and 72.—*[Mr. Watts.]*

New Clause 1

INHERITANCE TAX

The Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004 (S.I., 2004, No. 2543) are amended as follows:—

"Regulations 6,7,8,9 and 10 shall cease to have effect in respect of a person who dies on or after 31st July 2005.".'.

Brought up, and read the First time.

12.48 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this, it will be convenient to take new clause 8—*Inheritance Tax (No. 2)*—

'The Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004 (S.I., 2004, No. 2543) are amended, in Regulation 6, line 4, by omitting "must" and inserting "may".'.

Mr. Hammond: New clauses 1 and 8 take a slightly different approach to a problem while delivering, in essence, the same outcome. I shall explain during the course of my remarks why we have chosen to table two different solutions to the problem that we have identified.

New clause 8 amends the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004—a snappily named little piece of secondary legislation—that was made with respect to section 256 of the Inheritance Tax Act 1984. It is designed to amend the provision by omitting "must" and inserting "may", thus making the delivery of a return permissive. New clause 1 adopts a rather more radical approach by disapplying regulations 6 to 10, dispensing with the requirement for returns altogether.

The regulations that the new clauses amend make provision in relation to the delivery of accounts and other information for inheritance tax purposes. As is often the case, the 2004 regulations were presented as a deregulatory measure—and to some extent they are. Prior to the 2004 regulations—*[Interruption.]* Judging by the noises off, Mr. Speaker, I suspect that we have a result from Singapore. Before those regulations, estates just below the inheritance tax value were required to deliver a full account to the Revenue.

The Paymaster General (Dawn Primarolo): On a point of order, Mr. Speaker. Please forgive me for interrupting the hon. Gentleman, but I am sure that he would like to know that the successful bid for the Olympics is London. [HON. MEMBERS: "Hooray!"] I should like to take the opportunity, on behalf of the House and the country, to thank all those involved in the preparation and delivery of a fantastic bid. I am sure that all of us look forward to welcoming the Olympics to London, to ensuring that this country represents itself and the Olympic spirit to the very best of our ability, and that it makes us proud.

Mr. Hammond: Further to that point of order, Mr. Speaker. May I associate the Opposition with the right hon. Lady's remarks and pay tribute to everybody who has worked so hard to ensure that this bid was successful? I pay tribute in particular to my noble Friend the Lord Coe—[HON. MEMBERS: "Hear, hear."]—who has done so much to ensure that the bid was successful, and who has worked tirelessly with members of all parties and with members of the Government.

Several hon. Members *rose—*

Mr. Speaker: Order. I hate to put a dampener on any celebrations and I am personally delighted, but I cannot take any more points of order on this matter. There will be an opportunity for the appropriate Minister to come before the House and for us to discuss the matter fully. Standing Orders tell me that we must get on with the business in hand.

Mr. Hammond: Thank you, Mr. Speaker. The challenge that the House now faces is how to make the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulation 2004 seem remotely interesting. But we will do our best.

The regulations that the new clauses seek to amend make provision for the delivery of accounts and other information for inheritance tax purposes. As I have said, the 2004 regulations were presented as deregulatory, and to some extent they are. Before their introduction, estates that were just below the inheritance tax value were required to deliver a full "account" to the Revenue, and were known as "excepted estates". Regulation 3 provides that a person is no longer required to submit an account under the terms of section 216 of the Inheritance Tax Act 1984 if the property is an excepted estate. This is in fact a perfectly sensible measure, reducing the compliance burden on some 30,000 estates valued between £240,000 and £275,000 every year.

However, what was billed as a relieving measure is not so in practice. As so often with this Government, the deregulating instinct has been swamped by the regulating instinct of bureaucracy, and what regulation 3 gives, regulation 4, I am afraid, takes away—in spades. The 2004 regulations provide that all estates below the inheritance tax threshold, and which are valued at more than £5,000, are now classed as excepted estates. Regulation 6 provides that

"a person who by virtue of these regulations is not required to deliver to the Board an account under section 216 of the 1984 Act . . . must produce the information specified in paragraph (2) to the Board in such form as the Board may prescribe."

In other words, the Government have scrapped the requirement to return an account for 30,000 excepted estates on form IHT200, but they have introduced a new requirement for some 300,000 estates per year. All those 300,000 estates are worth less than the IHT threshold and have no tax to pay, and all of them had no requirement whatsoever to make a return of any kind until the 2004 regulations were introduced. A requirement has now been introduced for those estates to make a return

"in such form as the Board may prescribe".

The prescribed form is in fact form IHT205.

I have a copy of form IHT205 in front of me. It is a four-page document in the typical style of a tax return. It is laden with complicated and intrusive questions—so much so that there are 23 pages of accompanying guidance notes and 16 pages of annexes. The information required by the form includes details on the deceased's occupation and that of surviving relatives; gifts given by the deceased over the past seven years; overseas assets; pensions; cash, including money in banks, building societies and national savings; value of household and personal goods; stocks and shares quoted on the stock exchange; stocks and shares not quoted on the stock exchange; insurance policies, including bonuses and mortgage-protection policies; money owed to the deceased; residences; partnerships and business interests; debts of the deceased; and funeral expenses.

That is just what a grieving relative needs! We should remember that this requirement applies to estates below the inheritance tax threshold—to so-called excepted estates. It would be quite interesting to know what the Treasury understands by the term "excepted". In case anyone is tempted not to treat this intrusion with the seriousness it deserves, the document warns that there may be

"financial Penalties if the answers to the questions or figures given are wrong".

So before one completes the form, one must make "full enquiries" as to the value of the deceased's household and personal goods. Estimates are explicitly unacceptable. Gathering this information could take a bereaved relative weeks or even months, and cause quite unnecessary stress at a time of personal grief.

Given the form's complexity and jargon-laden language, and given the difficulty that most lay people will have in distinguishing between the different classes of assets and liabilities that they are required to record in different parts of the form, many—if not most—relatives will seek the help of a solicitor in completing it. However, they will have no choice but to assemble the bulk of that information themselves, as a solicitor would be unable to aggregate it for them. Based on last year's figures, an extra 246,872 estates now have to file a return. Based on an average solicitor's hourly rate, and assuming approximately one hour's-worth only of work and correspondence, this provision will cost the average estate between £150 and £250. That equates to between £37 million and £62 million in legal bills alone each year, and for what? This is not a return of inheritance tax due; it is a regime that applies exclusively to estates below the inheritance tax threshold.

This is a massive and intrusive fishing expedition that involves trawling, collecting and storing information—in minute detail—on those who are supposed to be

outside this particular tax net and free of the hassle of compliance. It turns on its head the previously accepted position that the details of an estate below the IHT threshold were not a matter for the Revenue.

New clause 1 removes the regulations requiring reporting of excepted estates on form IHT205 altogether, thus relieving 300,000 bereaved families each year of this insensitive and unnecessary burden. New clause 8 seeks to achieve the same objective by a slightly different route. It leaves the provisions in regulations 6 to 10 in force, but makes compliance with them optional by omitting "must" from line 4 of regulation 6 and inserting "may". Giving taxpayers "permission" to make a return to the Revenue might seem a curious approach, but we are told that in some cases, professional executors, with a view to their own potential liability, might wish to have the comfort of having made a return on IHT205, thus enjoying the Revenue's confirmation—if a notice has not been issued within a certain period under the regulations—that no tax is indeed payable.

So new clause 8 leaves the provision force for the benefit of those professional executors who wish to use it, while removing the element of compulsion for the rest of us. We have no difficulty with a solution to this problem that allows those professionals who want to make use of the provisions to continue to do so. Our purpose today is to ensure that this burden is not imposed on ordinary bereaved families who are seeking to act as executors for the will of a deceased person.

It is our contention that people who are dealing with modest estates—of as little as £7,000 to £10,000, and thus way below the inheritance tax threshold—should not be subjected to this additional burden at a time of bereavement or have to waste time and money completing a form whose only point is to feed the seemingly insatiable desire of the big brother state for information on every aspect of our lives.

1 pm

The measure is an example of a hugely insensitive invasion of privacy. It is an expensive and heavy-handed exercise that will burden some 300,000 estates every year and achieve nothing of practical value except the storing of huge amounts of personal information on everyone leaving an estate in excess of £5,000. All that is concealed behind what turns out to be a paltry relief for a mere 30,000 estates at the very top end of the exception band.

I hope that the Paymaster General will pledge today that she will end this bureaucratic nonsense, either by accepting the new clauses or by making a definitive promise to introduce something that would have the same effect.

Susan Kramer (Richmond Park) (LD): Today, the Liberal Democrats and the Conservatives are speaking out together on inheritance tax. That must be an event almost as momentous as London's success in winning the Olympic bid. As a former London mayoral candidate, I welcome that success on my party's behalf.

The new clauses address a matter that exercises us very much. The Bill breaks a principle, referred to in the past by my hon. Friend the Member for Bristol, West (Stephen Williams), that the Revenue should not go on fishing expeditions and seek by intrusive means information that does not apply directly to its ability to levy tax. The new clauses would remove the information requirement in relation to people who the Government do not believe should be subject to inheritance tax. The Bill would require them to fill out extensive forms at a time of great bereavement to prove that no tax should be paid.

The Revenue's fishing expedition will expose almost no evidence of tax avoidance. The Chancellor has said with great pride on many occasions that only about 6 per cent. of the estates left after people die in this country are liable to inheritance tax. The vast majority are not liable, and I am sure that all parties share common cause that that should remain the case. The intrusive search for detailed information required by the Bill is therefore unacceptable.

The concept of "excepted estates" applies to estates worth £275,000 or less, or to transfers to a spouse. That should be the appropriate benchmark, and we therefore associate ourselves with the new clauses.

Mr. Philip Dunne (Ludlow) (Con): I hope that the House will excuse the pun, but I have grave concerns about proposals to increase the powers of the nanny state. Her Majesty's Revenue and Customs has all-seeing powers over British taxpayers from the cradle to the grave, and now in the afterlife as well.

I support new clauses 1 and 8 as a way to restore sanity to families and professionals who have to deal with the immediate effects of the afterlife and sort out estates after people die. That is a very distressing time, and the Government's introduction last year of statutory instrument No. 2543—the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004—made it immeasurably more distressing. As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said, that order extended the requirement to file inheritance tax return form IT205—which he illustrated so eloquently—on all estates worth more than £5,000. Essentially, that requirement applies to every estate that requires probate.

That is a huge extension of bureaucratic form filling. Previously, one could file a nil return for inheritance tax unless one was within £30,000 of the inheritance tax threshold. Now the form will have to be filed in respect of all estates of over £5,000, and very detailed information on the value of assets will be sought. That information will include details of household and personal goods, and so will require the valuation of the furniture and jewellery, for instance, in an estate. All of that information has to be provided after a full inquiry has been made.

Mr. Philip Hammond: I hope that my hon. Friend will forgive me for correcting him, but there was no requirement under the previous regime to file a nil return. People were required simply to swear a declaration that no tax was due.

Mr. Dunne: I am grateful for that correction, and my hon. Friend is right to say that it was possible for solicitors to swear an affidavit, although they could choose to file a nil return.

The requirement would be reasonable if there was a good prospect that additional revenue would be raised, but my hon. Friend has noted already that most estates

[Mr. Dunne]

will be below the threshold and so will not qualify. As a result, the proposal has no revenue-raising potential.

What is the point of the proposed exhaustive form filling? How many people will be affected? My hon. Friend has given some statistics, but I have some other data that might help Labour Members understand the implications of what is being proposed. About 535,000 people die each year. I learned that statistic in a debate on fallen livestock, when the subject of human death was touched on. Only 35,000 estates pay inheritance tax, so it does not take great mathematical skill to work out that, if all estates were to be affected by probate, a very significant number of people will be affected.

Presumably, a not insignificant number of forms will land in the HMRC's offices, and will need to be checked. Some errors might be detected where there is a possibility that an estate goes over the threshold, but it is most likely that the forms will sit and gather dust after being collected. Therefore, many people in the bureaucracy will do very depressing work to no purpose.

Stephen Hammond (Wimbledon) (Con): My hon. Friend mentions bureaucracy, but is not the problem even worse than he sets out? In Committee, the Paymaster General talked several times about the need for anti-avoidance measures and the need to close the tax gap. Would not the money spent on this fishing exercise be better spent on other measures that would close the tax gap?

Mr. Dunne: My hon. Friend makes a good point. The HMRC work force is being reduced, so we should look carefully at the tasks that people there are asked to undertake. I hope that the Minister will consider that point.

There is a wider point in respect of the extension of the inheritance tax net. House price inflation means that more and more people in my constituency are falling into its clutches, with estate values reaching the duty threshold despite the increase introduced in the Budget earlier this year. The Land Registry reports that the average price of properties sold in the south Shropshire district in the first quarter of the year was £208,000. In the Bridgnorth district, the average was £214,600. In the same period, the average price of detached houses—that includes most of the village properties in my largely rural constituency—was £264,000 in south Shropshire and more than £307,000 in the Bridgnorth district council area. As a result, the average houseowner in my constituency is likely to be caught by the inheritance tax threshold.

Inheritance tax was originally intended to be a tax for the wealthy. It is increasingly hitting the average householder across the country. That is certainly the case in the Ludlow constituency. It is time that we looked at the tax as a whole, and stopped tinkering with extending it at the edges.

My final point has to do with the direction in which the Government are heading in respect of inheritance tax, which is in stark contrast to the direction that our major economic competitors are taking. I was in Washington DC last month and I discovered that legislation is passing through Congress and they are debating whether the American equivalent of inheritance tax—they call it death tax, rather starkly—should be scrapped or substantially reduced. If our major competitors are planning to scrap inheritance tax, we should think carefully about whether it is appropriate for us to extend the net. Instead, we should perhaps accept the increasingly competitive nature of the global economy in which we all live and consider scrapping inheritance tax.

Dawn Primarolo: It is important to put on the record a few points before responding to the debate. Unfortunately, some of the contributions that we have heard show that hon. Members have failed to appreciate how the system worked under the rules that were in place and how it will work under the rules before us. The hon. Member for Ludlow (Mr. Dunne) mentioned nil returns, and I shall come back to the issue of excepted estates. We are talking not about the entire inheritance tax system but about a special procedure for very small estates that will remove them from the normal procedure. For some 30,000 estates, it will be necessary to fill in only a very short form instead of the full form, over which—incidentally—the Conservative Government were happy to preside for years and years.

The approach taken in last year's Finance Bill, which was accepted by the House, was for the smaller estates to be subject to the excepted estates procedure. One does not have to be a genius to work out that it is simpler if only a short form needs to be filled out—only four pages, of which the first page and a bit is simple and straightforward stuff such as name and address, followed by yes/no questions and an estimate of the value of the estate, to ensure that it is within the limits of the excepted estates procedure—instead of the full inheritance tax procedure. It is difficult to see why the Opposition have a problem with that.

Nil returns are not needed, because such estates do not require probate. I shall return to that when I address the issue of the Court Service, which is also part of the new procedure and further deregulates the process. All that is being asked of people is to indicate whether they have properly calculated the size of the estate to ensure that it comes under the smaller estates procedure.

Stephen Hesford (Wirral, West) (Lab): I apologise to the House for not being in my place for the contribution by the hon. Member for Runnymede and Weybridge (Mr. Hammond), although I did hear the contribution by the hon. Member for Ludlow (Mr. Dunne). Based on what he said, does my right hon. Friend agree that the Opposition are really sniping at the fairness agenda? He gave the game away that the Tories' aim is to do away with inheritance tax.

Dawn Primarolo: To be fair to the hon. Member for Runnymede and Weybridge (Mr. Hammond), he did not say that he wanted to abolish inheritance tax, but it has been a feature of such debates in the past that Opposition Members have advocated that approach. The fairness that they are attacking is the fairness that says that whether an individual does their own return through the excepted estates procedure or a solicitor does a return on behalf of someone, the information required is the same and they are treated equally.

The Opposition also argue that the Government should enable taxpayers to represent themselves and not force them to have recourse to professional advice if that is not necessary. I suspect that the role of solicitors, and what they will be required to do, is at the heart of the Opposition's objection, rather than the information that has to be provided by the taxpayer.

1.15 pm

Mr. Brooks Newmark (Braintree) (Con): The thrust of the argument made by my hon. Friend the Member for Ludlow (Mr. Dunne) was the form-filling culture—something that the Government pledged to change and reduce. Why will people be required to fill in forms for estates with a net worth of £5,000, which is a huge difference from the inheritance tax threshold of £275,000? Those forms will also require more and more bureaucrats to assess them.

Dawn Primarolo: I hope that when I explain how the process works now, the hon. Gentleman will realise that that question is based on a basic misunderstanding of what is required under the inheritance tax system. I am sure that he would accept that it is not unreasonable for any Government to require people to go through certain steps to ensure that the estate with which they are dealing should go through the excepted estates procedure, rather than the full inheritance tax procedure. That is all that is happening.

I find it odd that the Conservatives did not struggle with this point last year, because all these procedures were in last year's Finance Bill—*[Interruption.]* I appreciate that the hon. Gentleman is a new Member, but his Front-Bench colleagues are not. There has been wide discussion of the issue and none of the suggestions made have caused any difficulties. Indeed, the connection with the Court Service is a further deregulatory measure that has helped enormously.

Mr. Philip Hammond: Will the Paymaster General give way?

Dawn Primarolo: No, because I wish to reply to the points made by the hon. Member for Richmond Park (Susan Kramer). The hon. Gentleman can reply at the end of the debate.

The hon. Lady suggested that the proposals were fishing trips, but that is not the case. It is careless talk to accuse the tax authorities of that when they are simply requiring people to answer questions to ascertain whether an estate comes under the excepted estates procedure. People had to fill in forms before, so it is not as if that is new. The issue is the length of the forms and the information that is collected. We are talking about small estates, which have always, as I said when I began my remarks, had to show the Revenue that they were entitled to use the excepted estates procedure. Applicants without a solicitor filled in a form that was much like the present form, so it is not true to suggest that there are additional burdens.

Mr. Philip Hammond *rose—*

Dawn Primarolo: No, I shall not give way to the hon. Gentleman at this point.

New clauses 1 and 8 would both amend the 2004 regulations, known as the excepted estates regulations, which are subject to that procedure. The hon. Member for Runnymede and Weybridge said that the new clauses offered two different solutions. They are interesting solutions. One of his new clauses completely abolishes the procedure and the other gives the Inland Revenue discretion to decide when the procedure would work. As the hon. Member for Richmond Park was so concerned about fishing trips, I should, on her behalf, be a bit worried about supporting new clauses that allowed the Inland Revenue, or Her Majesty's Revenue and Customs, to decide in such cases.

New clause 1 removes the current obligation on executors applying for probate to give details to the Court Service about the deceased person, their assets and values, when using the excepted estates procedure, whereas new clause 8 is apparently designed to give HMRC discretion over which details have to be given in such cases. I would have thought that either solution was rather undesirable. The aim in either case—

Mr. Hammond *rose—*

Dawn Primarolo: The aim in either case seems to be—

Mr. Hammond: On a point of order, Mr. Speaker. I am sorry to have to raise this on a point of order, but the right hon. Lady will not give way to me. She has, I fear, inadvertently misled the House by saying that new clause 8 would provide that the Inland Revenue has the option of requiring a return to be made. In fact, it gives the taxpayer the option of making a return if he chooses to do so, and I should be grateful if she could confirm that that is the case.

Mr. Speaker: That is not a point of order. The hon. Gentleman knows that he will have an opportunity to reply to the Paymaster General and he can then put the record straight, if he so wishes.

Dawn Primarolo: Thank you, Mr. Speaker. What the hon. Member for Runnymede and Weybridge thinks his new clause may do and what I am advised by my officials that it will do, on which basis I advise the House, is always a matter for debate when amendments are proposed, but I shall repeat what I have said.

New clause 8 is apparently designed to give HMRC discretion over which details have to be given in those cases. The aim of both new clauses seems to be to reverse or modify the changes that the Government made last year, and to go back to the previous system whereby personal applicants—those not represented by a solicitor—had to fill in forms about the estate, whereas legally represented estates did not have to do so.

The House may find it helpful if I provide some details about the administrative arrangements for such estates. The excepted estates procedure is a streamlined process for estates that are relatively small and relatively simple. If the estate qualifies, the executors are allowed to fill in a simple form and get probate immediately. Delivery of the form to the Court Service also satisfies their inheritance tax obligations, so they need have no direct contact with HMRC—so how having no direct contact with HMRC empowers HMRC to go on a fishing trip

[Dawn Primarolo]

beggars belief. Executors otherwise have to fill in a much more comprehensive form and send it to HMRC before they can get probate. The process thus provides links with probate, which ensures that it would be speedy for small estates, and relates exactly to the point that the hon. Gentleman made about the importance of speed in such cases.

The excepted estates procedure has always been restricted to estates that satisfy tests of size and complexity as set out in HMRC regulations. I think that we would all agree that eligibility should be limited in that way, as there is always a risk that large estates might slip through untaxed. We are getting the balance right by ensuring that there is speed for excepted estates, especially at probate, and that there is one point of delivery to the Court Service, with the ability to monitor the proper use of that process through HMRC.

The questions for this afternoon relate to how executors should establish that they qualify for the excepted estates procedure and what they have to tell HMRC about their workings. Before I move on to the detail of the changes that the Government made last year, it may help the House if I briefly describe the probate and IHT reporting system as it stood before the changes made in 2004.

Estates fell into three broad categories for reporting purposes. If the estate was worth more than £240,000, a full IHT return was required—not the short form in use at present. If the estate was worth less than £240,000 and the executor was a personal applicant, they had to fill in a short form very much like the one in use now. If the estate was worth less than £240,000 but a solicitor was acting for the executor, the executor simply had to swear an oath that the estate was worth £X,000 to demonstrate that it qualified for the excepted estates procedure. Under the old rules many executors had to fill in a full IHT return even though the estate paid no tax. The Government changed the rules last year primarily to bring most of those cases—about 30,000—into the excepted estates procedure, thereby reducing their compliance costs whether or not they were represented by solicitors. We moved them from the more complicated system to the excepted estates procedure. However, extending that procedure to bring in many more cases, many of them much bigger than those that were previously clearly eligible, increases the risk of non-compliance; so in striking the right balance, the Government took the opportunity to streamline the detailed procedure, improve co-ordination between HMRC and the Court Service, and update IHT protection against non-compliance.

As part of that process, the Government unified the two existing procedures for executors using the excepted estates procedure, so that they all now fill in the same short form whether or not they are advised by a solicitor. As I said, the form contains the minimum number of questions needed to show that the estate is entitled to use the excepted estates procedure and to allow HMRC to make a risk assessment.

The new clauses seem intended to reverse all those changes, so that some or all executors would be entitled to claim access to the excepted estates procedure without giving even basic information about the facts that would justify their using it. The Government's view is that that is misconceived. To qualify for the excepted estates procedure, executors have always been required to know the total value of the estate and key points about what it contains, and solicitors will always have to establish those basic facts.

The form that executors must now fill in only sets out systematically the questions that solicitors have been asking their clients already, before putting them through the excepted estates procedure. They are already collecting such information to satisfy themselves that their clients could use the excepted estates procedure. To be fair to solicitors, the overwhelmingly majority of them clearly took those obligations seriously. However, there have been indications that there were issues on different occasions, but none has been demonstrated with the new procedure.

1.30 pm

To sum up, the uniformity that the Government built into the system in 2004 strikes the right balance. It is deregulatory. It unifies processes. It treats people equally. It ensures that the returns give the pertinent information only and are not excessive. It is fair to all taxpayers and to the Exchequer. It encourages executors to apply the same accuracy when completing the short form as they have done when filling out the full IHT return. On that basis, I suggest that hon. Members have no grounds to pursue the issue of fairness. I hope that, having heard the explanation of last year's changes and what they are achieving in the system, the hon. Gentleman will consider withdrawing the motion, but if he feels unable to do so, I will urge my hon. Friends to oppose the new clause.

Mr. Philip Hammond: I can assure the right hon. Lady that I feel unable to do any such thing, having heard no such thing.

Let me deal with a couple of specific points. The right hon. Lady suggested that it was bizarre that such issues were being raised now and asked why they had not been raised in greater depth during the consideration of the Finance Act 2004. She will have information to hand, but I understand that form IHT205 and the guidance notes for completing it were published only in November 2004, after the Finance Act 2004 had completed its passage. On the basis of what we have seen published, what we have seen in practice and what practitioners and, indeed, non-professional executors are reporting, we have sought to raise the issue today.

The right hon. Lady told the House that new clause 8 would give the Revenue the option to require a return. In response to my attempt at a point of order, Mr. Speaker advised me that I should address this question in my closing remarks. Perhaps the best thing that I can do is to read out the opening paragraph of regulation 6 of the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004, as it would be amended by new clause 8, and let the House decide whether or not she is correct. Paragraph (1) would say:

"Subject to paragraph (3), a person who by virtue of these Regulations is not required to deliver to the Board an account under section 216 of the 1984 Act of the property comprised in an excepted estate, may produce the information specified in paragraph (2) to the Board in such form as the Board may prescribe."

That does not suggest any doubt at all to me that the option lies with the taxpayer, not with the Revenue.

The right hon. Lady has confused the question of the change to treatment for what were approximately 30,000 excepted estates under the old rules—those estates that fell just below the inheritance tax threshold of between £240,000 and £275,000. I acknowledged quite readily in my opening remarks that the compliance burden on those estates has been reduced, by allowing them to complete the shorter—everything in terms of Inland Revenue forms is relative—form, IHT205, rather than the full return form, which is IHT200.

The right hon. Lady has deliberately ignored the fact that the definition of an excepted estate has been widened to include all estates above £5,000, which require probate. The practical effect is that, while 30,000 estates will enjoy a reduction in the compliance burden, some 270,000 estates, according to the most recent year's figures, will suffer an increase in the burden by having to make a return using IHT200.

Contrary to what the right hon. Lady says, the minimum number of questions required is not set out. I have already listed the questions that must be answered: details of the deceased's occupation and surviving relatives; gifts that the deceased has made; pensions; assets overseas; cash, including money in the bank, building society and national savings; value of household and personal goods; quoted and unquoted stocks and shares; insurance policies; bonuses; mortgage protection policies; money owed to the person who has died; residences; partnerships and business interests; debts of the deceased; and funeral expenses. That is not the minimum information required.

We understand the need for a return of information for estates that are just below the margin, but in broadening the scope of excepted estates under the 2004 regulations to include all estates that require probate which are below the inheritance tax threshold, the right hon. Lady has, deliberately or otherwise, swept into the net hundreds of thousands of very small estates and created a huge new burden, however she seeks to dress it up today.

By interchanging the old definition of an excepted estate, which refers only to the 30,000 estates just below the IHT threshold, and the new definition, which includes some 300,000 estates that require probate and are below the IHT threshold, the right hon. Lady has effectively thrown up smoke around the debate, but she has not answered the challenge that we have put to her.

The right hon. Lady says that all that is being asked is that people make a return to show they have done the calculation. Of course people must do the calculation before asserting that an estate is not chargeable to tax—a prudent person would always expect to do so—but sadly, for many small estates people will not have to spend very long computing whether the estate is worth £275,000; the question will be whether the estate is worth £10,000 or £12,000. In those cases, the imposition of completing such a form is an unnecessary and onerous burden at what will be a very difficult time for bereaved families dealing with these matters. I intend to ask my hon. Friends to support the new clause in the Division Lobby.

Question put, That the clause be read a Second time—

The House divided: Ayes 181, Noes 276.

Division No. 30] **[1.38 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Bacon, Mr. Richard
Baker, Norman
Baron, Mr. John
Barrett, John
Bercow, John
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Crabb, Mr. Stephen
Davies, Philip
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Mr. Nick
Hermon, Lady
Hoban, Mr. Mark
Horam, Mr. John
Horwood, Mr. Martin
Hosie, Stewart
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Lewis, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborn, Mr. Mark
Öpik, Lembit
Paice, Mr. James
Paisley, Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simpson, David
Smith, Sir Robert

Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stein, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Gregory Barker and
Mr. Mark Prisk

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Connarty, Michael
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Hayes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pickthall, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vaz, Keith

Vis, Dr. Rudi	Winnick, Mr. David
Walley, Joan	Woodward, Mr. Shaun
Waltho, Lynda	Wright, Mr. Anthony
Ward, Claire	Wright, David
Wareing, Mr. Robert N.	Wright, Mr. Iain
Watson, Mr. Tom	Wright, Dr. Tony
Watts, Mr. Dave	Wyatt, Derek
Whitehead, Dr. Alan	
Williams, rh Mr. Alan	**Tellers for the Noes:**
Williams, Mrs. Betty	**Mr. Alan Campbell and**
Wills, Mr. Michael	**Mr. John Heppell**

Question accordingly negatived.

New Clause 4

TAX LAW COMMISSION

'(1) The Treasury shall prepare and present to Parliament a proposal for the establishment of a Tax Law Commission, to act in parallel to and to complement the work of the Law Commission.

(2) The Tax Law Commission shall have as its purpose the bringing forward of proposals for the review, modernisation, improvement and simplification of the tax law of the United Kingdom.

(3) The report shall have regard to all factors that seem to the Treasury to be relevant following consultation with any bodies appearing to Her Majesty's Revenue and Customs to have an interest in tax law reform.

(4) The report shall be presented to Parliament by 31st July 2006. —*[Mr. Mark Field.]*

Brought up, and read the First time.

Mr. Mark Field (Cities of London and Westminster) (Con): I beg to move, That the clause be read a Second time.

As Paul McCartney and John Lennon might have said, we are now reaching the end of the long and winding road of this second Finance Bill of the year.

The Financial Secretary to the Treasury (John Healey): When was it No. 1?

Mr. Field: The song was No. 1 in the US in 1970, but that is another matter.

This complex and highly technical Bill is once more before the whole House, but the sparsely occupied Chamber means that it would be stretching credulity to suggest that Parliament is actively considering each and every aspect of the Bill. That is not to say that there has not already been careful consideration during the lengthyish Committee sittings. Our debate was sometimes heated, and on occasions that had little to do with the generally clement summer weather.

Her Majesty's Opposition have benefited from comprehensive briefings from an array of interested parties, including the Law Society, the Association of British Insurers and the Chartered Institute of Taxation. They have all provided us with useful ammunition with which to put forward our case as gamely as possible, given the circumstances.

As I said, we are considering the second Finance Bill to come before Parliament this year. The intervening general election provided us all with a welcome respite from endless Committee sittings and gave the Government an opportunity—a relatively small one, admittedly—to make minor amendments to their original proposals. I understand that tax practitioners have breathed a collective sigh of relief, not because of the apparently mouth-watering prospect of a second Finance Bill in a year, but because of their satisfaction that this year the Chancellor of the Exchequer has spared the tax practitioner fraternity from a Finance Bill such as that of 2004, which weighed in at a record-breaking 637 pages.

New clause 4 stems from concerns that have been widely expressed about the growing complexity of our tax laws. The amount of legislation grows greater and faster and let us be in no doubt that that is true of not only primary legislation, but the plethora of statutory instruments that appear with breathtaking frequency throughout the year. We hope to establish a tax law commission that would mirror the Law Commission and review and modernise UK tax legislation.

As the Minister will be aware, I am a relative newcomer to Front-Bench Treasury affairs and I have had something of a baptism of fire. This highly technical Finance Bill and the Regulation of Financial Services (Land Transactions) Bill have certainly kept me busy over the past month. I have no complaints about that, but in addition to grinding through legislation line by line, I have seen an ever-greater amount of guidance material, such as statements of practice, tax bulletins, concessions and frequently asked questions.

It is perhaps ironic that, in moving new clause 4, I need first and foremost to acknowledge the tremendous assistance that I have received from the indefatigable John Whiting, the tax partner with PricewaterhouseCoopers and past president of the Chartered Institute of Taxation. Without his help, I fear that even this new clause might never have seen the light of day. Although I do not detect too many tears at that prospect from either the Government Front Bench or, dare I say, their nearest and dearest in the civil service, it is important to put many concerns on the record during the course of what I suspect will be a brief debate.

A great deal of the seemingly exponential growth of the raw material that makes up our tax laws is clearly due to the increasing complexity of life and business. However, at the same time the tax authorities doubtless argue that they need continually to endeavour to plug what would otherwise be loopholes that could be exploited by tax planners and avoiders alike. A commission for taxation along the lines that we have set out would solve four main problems.

First, the commission would address complexity. UK taxation is meant to work along fairly simple principles: all employment income is subject to pay-as-you-earn and national insurance contributions; companies are taxed on their accounting profits at 30 per cent. after certain adjustments, or less if they have profits of less than £1.5 million in any year; stamp duty land tax is at 4 per cent. on property sales; and VAT on the supply of goods and services is generally levied at 17.5 per cent. How difficult should it be to enact tax law on the basis of those straightforward and simple principles? One needs only to witness the flat tax regimes of most Baltic states to realise that it should be relatively straightforward.

Ed Balls (Normanton) (Lab): Was the hon. Gentleman on the trip?

Mr. Field: I hasten to add that I was not on the trip, although I am sure that one could be arranged at some time in the future. I am glad that the Chancellor is not in the Chamber to hear me say that.

[Mr. Field]

The UK Government have created a great collection of legislation that makes this country's tax regime one of the most cumbersome in the world.

Stephen Hesford: Subsection (2) of new clause 4 outlines the purpose of the putative tax law commission, but I cannot see anything about tax avoidance. Does the hon. Gentleman think that any review of the tax laws should take account of tax avoidance?

Mr. Field: I was rather hoping that the hon. Gentleman might have been the chairman of the all-party group on Estonia or something. Let me answer his point seriously. There is little doubt that much of what has been discussed during the consideration of the Bill—and previous Finance Bills, I suspect—has related to tax avoidance and ways in which we can try to find a balance between legitimate tax planning and contrived tax avoidance. The new clause would create an independent tax commission—that is important—and tax avoidance would be dealt with head on by the Treasury.

Ed Balls: I hesitate to ask whether the new clause is an excuse for further trips to Estonia to build broader support for possible flat tax proposals. However, putting that to one side, do we not already have a tax law rewrite project? My memory is that that project, chaired by Lord Howe of Aberavon, would regularly send voluminous reports to the Government for consideration and that many of them would be taken into account when drawing up Finance Bills. Is the hon. Gentleman saying that the current tax law rewrite project is not doing a satisfactory job, or that he would like his commission to go beyond the remit of that project and start making policy, rather than just trying to simplify tax legislation and make it more effective?

Mr. Field: The hon. Gentleman makes an entirely legitimate point. I shall address specific aspects of the tax law rewrite project later because it has not achieved quite as much as we might have hoped.

Someone needs to stand back and realise that when UK legislation on direct tax is bursting out of some four volumes of statute, something must be inherently wrong with the approach on writing and reforming tax legislation. It is worth noting several facts, such as the sheer number of personal tax returns that are filed incorrectly or late. A National Audit Office report last year said that such returns accounted for some 29 per cent. of all PAYE codings. The last consolidation Act on tax goes back 17 years to 1988. Government Members make a meagre contribution to Committee debates on Finance Bills, which makes it difficult to suggest that there has been full consultation on such matters.

Since 1997, the Government have introduced major new taxation policies on intangibles, share schemes and other employee-owned securities—they have done that several times—stamp duty land tax, the climate change levy, tonnage tax, IR35, transfer pricing, windfall taxes, derivatives, VAT grouping, international financial reporting standards, double tax relief, general insurance and substantial shareholdings. They have changed the date of payment of tax and introduced new policies on the taxation of pensions and enterprise investment schemes. Therefore, complexity is key to our concern and we hope that a tax law commission would rectify that.

2 pm

Secondly, the constant change has led to a lack of certainty. It is hard for business to plan when the UK insists on a near constant rewriting of its tax law. We should also note that the UK is in almost isolation from other highly developed economies in not have a binding advanced clearance regime. That was discussed in detail in Committee and I do not wish to reopen the debate, but it is a concern.

Without necessarily opening the door for contrived tax avoidance schemes, the element of certainty that comes with an advanced clearance scheme should be reimposed in tax legislation. That would enable the tax treatment of, for example, an innovative new banking product to be pre-determined, not just to give customers certainty, but to ensure that customers—whether they are smaller individuals or large institutions—have confidence. It would enable us to ensure that the two major financial centres in the UK—the City of London and Edinburgh—do not lose business in what is an increasingly globalised financial world.

I also hope that the scheme would enable groups to confirm the tax treatment for transaction planning and the treatment of debt borrowing, for example. Despite having a mountain of tax legislation, there is no procedure to get pre-transaction rulings. That often means that UK businesses and customers are encumbered with a tax risk in their balance sheet and in their operations that their overseas competitors do not have.

Thirdly, there is the relative ease of unintended tax planning opportunities, which Ministers might simply regard as the creation of contrived tax avoidance schemes. A simpler system makes it harder to avoid tax. The Government's insistence—some of this is a carry-through from tax law passed by the last Conservative Administration, notably the financial instruments and loan relationship legislation—on writing complex prescriptive legislation has meant that they have been an effective creator of tax loopholes.

Let us take the stamp duty land tax. Schedule 10 deals with legislation that was introduced as recently as 2003. Much of the Finance Act 2002 of only three years was dedicated to removing tax planning that followed on from the problem of too many specific rules in loan relationship and derivative legislation. I accept that much of that is highly complex, but by the same token that complexity has to a large extent opened the door to more tax planning opportunities. Intangibles legislation has been changed twice since 2002, following the clampdown on avoidance. Insurance company rules written as recently as 2003 were changed in 2004—as Ministers will know, because I mentioned it in Committee only last week—to deal with avoidance-related matters.

Fourthly, there is the lack of transparency. Transparency is of key importance in any taxation system. A complex system inevitably becomes an opaque system for anyone other than those who are experts in the field. How can taxpayers predict and financially plan how much tax they pay when much of it is hidden and the system is in a constant state of flux?

While the basic corporation tax rate is 30 per cent., our c' ,oration tax yield is comparatively high. As a result, the Institute for Fiscal Studies feels the need to publish journal articles entitled "Why has UK corporation tax raised so much revenue?" As Ministers will be aware, this year alone we are expecting a substantial increase of 28 per cent. in corporation tax additional receipts. Much of that relates to a widened tax base, accelerating the time when the tax gets paid, which acts almost as a windfall tax in the year of change, and also to the long time over which UK companies get tax deductions for capital expenditure on plant and machinery as well as intangibles.

There is also considerable confusion, which is increased by schedule 2, about what is a securities issue by way of salary taxable at up to 40 per cent. We had long debates about employment securities matters in Committee. We have to ask, what are the securities owned by an employee in its employer by way of investment that will be taxable at as little as 10 per cent.? The Government have rightly been proud of some of their changes to encourage entrepreneurism, such as the idea that capital gains tax can be as little as 10 per cent. once various considerations are taken into account. I applaud them for those sensible changes. However, they give with one hand and take with the other. Many changes have not worked as well. There is a tendency to define a large amount of capital gains as income so that it qualifies for higher tax rates.

We lack a mechanism for taking stock of our tax code—for testing rigorously whether it is ready and fit for purpose. There is no attempt to modernise or to get rid of the unnecessary, thereby showing that some parts could be dealt with more simply and might even be more effective. Although I accept that the Government took on board some of our concerns and those of the insurance industry, we rarely have sunset clauses to lay down either an expiry date for a new rule or at least a time when the usefulness, or otherwise, of the rule would have to be reviewed.

Regulatory impact assessments can be supplied with clauses, but when are they reviewed to see if their estimates hold true? That is partly down to the Opposition's scrutiny—I accept some blame—but we all have busy lives and the world and the tax bandwagon move on. We need to determine whether any new law represents value for administrative money. One of the ideas is that a tax law commission would alert itself to many of those concerns.

As the hon. Member for Normanton (Ed Balls) said, there is the tax law rewrite project. It is doing some good work, but it is purely a rewriting of the law rather than an assessment at the outset of whether a particular type of legislation will best achieve an intended result. It does not attempt to change the rules in any way. If odd points that seem otiose are found, or pointers suggest that things could be improved, they are logged, but they must be dealt with through the general Finance Bill process.

The Law Commission has as its aim, in simple terms, the review and modernisation of the general law of the UK. It does not believe that its writ runs to tax law. We should at least ascertain what benefits would accrue by having such a body to deal with tax law, and that is the underlying aim of the new clause. It would not impose a tax law commission, suggest ways in which such a body should be set up and run, or set out in detail its remit. All that would be premature. The aim is to review whether such a body would be advantageous. If the report established by the new clause suggested that it would be, Parliament would commission the next steps, which would presumably include how it might be staffed and controlled and its constitutional position. We have a template of the Law Commission, and I assume that the new body would be of a similar nature.

It is worth noting that the tax law review committee published a report in March 2003, with the exciting title of "Making Tax Law". The working party, under the chairmanship of Sir Alan Budd, examined the parliamentary process for the enactment of tax legislation.

Mark Tami (Alyn and Deeside) (Lab): It passes the simplicity test.

Mr. Field: Yes, the title passes the simplicity and certainty test. Of that there can be no doubt.

The working party's report would be germane to the report mentioned in the new clause. Also, the Chartered Institute of Taxation has proposed the idea of a tax practice committee, which would, in concept, have three main functions: first, the oversight of the consultative process for new tax laws to ensure that new laws are properly consulted on, subject to anti-avoidance constraints; secondly, the proposing of sections of existing tax law in need of review; and thirdly, oversight of the tax law rewrite project.

The tax practice committee is envisaged as being a group that is drawn from all those involved with the taxation process—the professions, business, tax authorities and, hopefully, academia. As part of the review, commentators have called for the House of Lords to be given a greater role in the scrutiny of Finance Bills. I appreciate that that is a controversial idea—it was last tried 95 years ago—but it is an interesting proposal. For historical reasons, the House of Commons has had sole charge of money Bills since the Budget of 1909–10, but a second revising Chamber would have a part to play in improving the way in which tax law is maintained. We hope that that change could take place during the course of this Parliament.

It would be wrong to ignore the role that the other place could play. It has plenty of expertise, which would be useful in the consideration of tax changes, as one or two Ministers have realised in previous debates. The Lords cannot currently alter a money Bill and I am not seeking to go down that path. It was intriguing, however, to see the establishment last year of a Sub-Committee to look at administrative aspects of the Finance Bill. Its remit may be narrow, but we may wish to build on that. I accept the sovereignty of the Commons in matters of taxation. *[Interruption.]* I do not have much choice, I am afraid. It is time, however, to look again at the way in which tax law is put together and how we operate under the paramount rule of the Commons in this area.

Ed Balls: I am trying to understand the nature of the hon. Gentleman's proposal. In the case of the Bank of England, we decided that independence was the right thing. In the end, with the support of Opposition

[Ed Balls]

Members—it took a little time—we decided that it was right to hand over the power to take month-by-month interest rate decisions to a group of independent experts. There is a material difference, however, between making monetary policy decisions with a single instrument and a single target and tax policy decisions. The hon. Gentleman is proposing to move tax policy decision making away from the House of Commons and elected Members of Parliament and instead asking independent experts to make policy decisions about tax. Is he proposing that Parliament should give up power in that way, not merely to unelected Members of the other place but to entirely unelected individuals?

Mr. Field: The hon. Gentleman has misunderstood what we are trying to achieve. We think that establishing such a commission is a sensible way forward, given the sheer amount of taxation legislation and the fact that little of it is regularly reviewed. That does not mean that policy matters would be in the hands of that body. Its remit would be determined once it has been set up. No one would suggest that law policy should be made by the Law Commission. It makes recommendations about changes in the law and assists the Commons and another place to initiate debates. The Law Commission influences the agenda on an independent basis, and I envisage a tax law commission operating in the same way. However, there is a great distance between that proposition and the proposition that policy decisions should be made by such a commission.

I understand the concerns that have been set out, but I hope that the broad proposals that I have tried to set out will lead to a debate on the matter. Whatever route is eventually taken, the new clause aims to highlight the need for a mechanism for a proper review of our tax law.

Chris Huhne (Eastleigh) (LD): I support the proposal for a tax law commission. If we had some weighing scales and put the current tax statutes on them we would find that there has been an increase of almost 50 per cent. since the influence of the hon. Member for Normanton (Ed Balls) began to be felt in the Treasury in 1997. I cannot believe that he thinks that the increase has had the desired effect. I accept that there is a tax law rewrite project, which has the desirable goal of helping to simplify matters, but the Liberal Democrats do not want policy to be determined by anyone other than elected Members of the House of Commons. However, the great ship of tax statute has become so barnacled that a short spell in dry dock with a good amount of scrubbing and cleaning is thoroughly desirable. The attempt to simplify, modernise, review and improve tax statute is an experiment that is worth trying. The Liberal Democrats therefore support the proposal. I hope that Government Members who are aware of the extent of tax statutes will do the same.

2.15 pm

Ed Balls: I noted the hon. Gentleman's seeming agreement about the commission with the members of the Opposition party—

Mr. Richard Spring (West Suffolk) (Con): The Conservative party.

Ed Balls: I was trying to work out whether I could say that or not—the learning experience is hard. Does the hon. Gentleman also agree with the Conservative proposals on expanding the role of the House of Lords to scrutinise and interfere with tax policy?

Chris Huhne: The hon. Gentleman will know that our proposals for changing the role of the House of Lords go rather further, and start with a directly elected Chamber. I hope that he will have the opportunity to support them at some point. However, in a second-best world, the proposal to establish a tax law commission is a useful attempt to deal with the simplification of tax statutes. The Liberal Democrats usually sign up to campaigns such as Quash a Quango, so the hon. Gentleman might find it ironic that we are recommending the establishment of a quasi-autonomous non-governmental organisation.

Helen Goodman (Bishop Auckland) (Lab): Has any consideration been given to the appointments system for the future tax law commission?

Chris Huhne: The hon. Lady will see that the new clause would give the Treasury the opportunity to present details of the way in which the commission would work. I can see that the Paymaster General is warming to that excellent idea.

The hon. Member for Cities of London and Westminster (Mr. Field) was clearly attempting to spin things out to allow time for the hon. Member for Runnymede and Weybridge (Mr. Hammond) to return from lunch and introduce the next item on the agenda, but it is not necessarily right for me to participate in that game. We have dealt with the main objections to the new clause and the Liberal Democrats will support it.

Mrs. Theresa Villiers (Chipping Barnet) (Con): I appeal to the House to support new clause 4 for common-sense reasons. We have an excellent Law Commission, but there is no rational explanation for having a commission that examines all laws except tax law. Why is tax law so different that the Law Commission's excellent record should not be applied to it? Can the Government explain what is so distinctive about tax as to justify that gap, when the rest of the law is covered by the process of review, rationalisation and simplification undertaken extremely well by the Law Commission?

As we have heard, one of the main advantages of setting up a tax law commission is that it could assist in the simplification of our tax law. The increasing complexity of tax is one of the major weaknesses in the Government's economic policy. I admit that it is not an issue that people are talking about on Barnet high street, but the complexity of our tax system is now doing significant damage to our economy.

The Chancellor has tended to use the tax system far too much for micro-management, to try to pick winners in terms of economic growth, and for social engineering. This has increased the complexity of the system exponentially since his stewardship of the economy began in 1997. That complexity has been compounded by the need to correct previous legislation, and by the Chancellor's attempts to hide the number of tax increases that he has chosen to inflict on the British public.

Stephen Hesford: I am following closely what the hon. Lady is saying, but as the hon. Member for Cities of London and Westminster (Mr. Field) said, the tax law commission, if it came into existence, would not deal with policy. Does she agree that it therefore would not deal with her suggestions about social engineering and the like, even if the House accepted that as a proposition, because that is policy, not tidying up.

Mrs. Villiers: It is always difficult to draw a clear line between technical changes and policy, but the commission would make recommendations, they would be debated in the House and we would decide whether we wanted to go in that policy direction or not. It is as simple as that. The commission would make recommendations to simplify the system.

The tax system of any modern economy will be complex, but ours has reached heights of Byzantine complexity. The Finance Act 2004 holds the record for being the longest, with 328 sections and 42 schedules. The standard textbook on tax law hits the bookshops as a behemoth of about 11,000 pages. We need to address the problem urgently for a number of reasons, the first of which is lack of transparency, which my hon. Friend the Member for Cities of London and Westminster spoke about.

Complexity is such that the tax system is incomprehensible to the vast majority of ordinary people, and fairly unintelligible even to the most numerate of taxpayers. That is damaging for our democracy. People should be entitled to understand with clarity how much they are taxed, why they are being taxed and on what they are being taxed. Complexity also increases costs for taxpayers: it is costly for them to get the professional advice that they need to complete their tax returns and the paperwork needed to ensure that they are paying the correct amount of tax. The taxpayer suffers a double hit, because the public purse is put under pressure by the need to employ more civil servants and bureaucrats to tackle the complexity of the system.

Ministers will no doubt say that detail and the dense text of our tax law is needed to give certainty. In fact, complexity can lead to less certainty as people find it increasingly difficult to understand the tax system. That is made worse by the Government's refusal to accept any form of pre-authorisation scheme, as urged on them by the Opposition. Furthermore, complexity can produce more opportunities for aggressive and artificial avoidance mechanisms. The more complex the system, the more places there are to hide. That leads to more complex anti-avoidance provisions, producing a vicious circle of complexity.

A complex, opaque and uncertain tax system deters foreign investment and drives jobs offshore in a globalised economy. A simplified, rational, coherent tax system is a magnet for jobs and employment, so our competitiveness is under threat from a tax system that is overly complex. Lastly, tax simplification will enhance our democracy.

Ed Balls: I agree wholeheartedly with the hon. Lady's desire for greater scrutiny, understanding and public debate about tax matters. I commend to her membership of the Standing Committee that considered the Finance Bill. All members of the Committee and people in the Public Gallery had the opportunity to understand and scrutinise in a transparent way tax policy decision-making, which was most illuminating. The hon. Lady said in answer to my hon. Friend the Member for Wirral, West (Stephen Hesford) that it was impossible to distinguish clearly between technical aspects of tax policy discussion or cleaning up, and policy decisions. Given her point about democracy, does she accept that because of that ambiguity, if we were to accept the proposal for a commission, it would mean that scrutiny of policy decisions would move from the House to the commission?

Mrs. Villiers: No, I do not accept that at all. I repeat my response to the other intervention on the matter: the House remains sovereign on tax matters. Whether there is a tax commission or not, we are the sovereign body. We can accept the commission's advice or reject it. I believe that simplification will enhance democracy because it will make our scrutiny process much easier and much more effective.

In a recent paper for the Centre for Policy Studies, the distinguished tax lawyer David Martin described our tax law as "obscure and ramshackle". The Institute of Chartered Accountants described our tax system as "spiralling out of control". The complexity of the system is making it increasingly difficult to ensure effective, democratic scrutiny. As I said, every citizen is entitled to understand why they are being taxed, on what they are being taxed and how that tax is calculated. Our amendment will bring a little closer the day when that is true. That is why I commend it to the House.

Stephen Williams (Bristol, West) (LD): I had not intended to speak, but I shall contribute briefly to the debate. Among the Members present, I probably have the unique experience, having spent the past 15 years in the profession, of seeing Finance Bills from the other side of the fence, and for the past month or so of seeing how the Finance Bill is put into practice as a legislator.

With every Finance Bill that is published, various institutes have to publish commentaries. My own institute, the Chartered Institute of Taxation, will shortly send, with a large thud through my letterbox at home, a commentary on the present Finance Bill when it is enacted. The Treasury publishes its explanatory notes, and we all miss the presence of the hon. Member for Wolverhampton, South-West (Rob Marris) to point out aspects of the notes to us. Many other bodies and individuals will offer expert commentaries on the Bill.

Earlier speakers referred to the remit of the tax law rewrite committee that has been established for some time. As I understand it, the committee's original remit was to render into plain English the existing body of tax law. If the committee came across inconsistencies in the English while it was doing that, it would point them out, but its remit was not to rewrite the meaning of that tax law.

From what the hon. Member for Normanton (Ed Balls) was suggesting, this proposal is quite different. In no way does it conflict with the work of the tax law rewrite committee. There is a need for some standing commission to examine tax law as it accumulates with every Finance Bill—this year there

[Stephen Williams]

have been three, in total—to make sure that the legislation that we have in place works for a modern 21st century economy.

Mr. Pat McFadden (Wolverhampton, South-East) (Lab): In the absence of my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), perhaps as his neighbour I could take up the baton. There seems to be a parallel discussion taking place—on one side about complexity and on the other side about a commission. The new clause calls for proposals for review, modernisation and improvement, as well as simplification. Surely with such a remit, we would be establishing a system with two masters, which would lead to more complexity, rather than less. What is it about the establishment of a commission that will deal with the parallel discussion about the complexity of a system?

Stephen Williams: I am sure that this House is very jealous of its privileges and would always be the master, as the hon. Gentleman puts it, of tax legislation. We already receive representations from many outside bodies. It has been abundantly clear to me as I have witnessed the Bill's progress through the House, including in Committee, that Treasury Front Benchers, prestigious though they must be in matters of tax law, rely heavily on the Box for their advice. Conservative Front Benchers rely heavily on professional advice, as the hon. Member for Cities of London and Westminster (Mr. Field) acknowledged. I felt sorry for my hon. Friend the Member for Eastleigh (Chris Huhne), because the hon. Member for Cities of London and Westminster read out the briefings so well that my hon. Friend had little left to say. We should recognise that we already rely on many people from outside who contribute to the formulation of our tax law. As politicians, we are all generalists and amateurs, and we need as much help and clarification as we can get from outside bodies and experts to improve the quality of legislation on the statute book.

2.30 pm

John Healey: We have had a good debate on the new clause. I particularly welcome the contributions by my hon. Friends who served on the Standing Committee and have come back for more this afternoon.

The hon. Member for Cities of London and Westminster (Mr. Field) introduced his new clause with such a wide-ranging speech that I thought that we had suddenly moved on to the Third Reading debate. He sparked an interesting succession of points about the role of the second Chamber, if any, in finance legislation. He said that that chamber has extensive experience; it does indeed, and it is based on extensive interests. However, I utterly reject the proposition that a non-elected chamber should have a role in any tax matters, tax scrutiny or tax policy decisions. That would overturn a centuries-old principle of this House. The hon. Member for Cities of London and Westminster should be aware, in making sometimes fairly light comments, that the financial privilege of the Commons dates back to the 17th century.

Chris Huhne: The Minister may be aware that as new clause 4 makes no mention of the other House having any overview of tax legislation, this is a tremendous red herring. Only the extraordinary forbearance of Madam Deputy Speaker has allowed us to trespass so far off the beaten track. I hope that he agrees that a tax law commission has nothing to do with the powers of the House of Lords.

John Healey: I am not sure that the hon. Gentleman is following the debate as well as he has followed the written advice that the professional bodies supplied for it. I am responding to the points that were raised during a fairly wide-ranging debate.

The hon. Member for Cities of London and Westminster asserted that tax matters should be determined only by Members of this House, but that directly contradicts the new clause and the sentiments that underpin it.

The hon. Member for Chipping Barnet (Mrs. Villiers) made an interesting contribution to the debate and spoke very fluently for a new Member. She expressed concern about the competitiveness of the British economy and tried to harness that to an argument in support of the new clause. She may not be aware that independent surveys consistently show that the UK has among the lowest administrative burdens for business in the world. This year, the World Bank published a survey that showed the UK to be top of the league of major countries in terms of regulatory quality.

I turn specifically to the simplification of the tax system, which is a regular subject of debate in this House and elsewhere and has been recurrent theme in our proceedings on the Bill in Standing Committee and at other stages. Most people want a tax system that is simple but also certain, efficient, competitive and fair. Certainty is particularly vital when it comes to matters of, and decisions about, tax. The Government want a tax system that contributes towards a stable economy, helps to raise productivity, increases employment opportunities for everyone, and helps us to build a fairer society. We need to strike a balance between all those things while ensuring that the system remains manageable.

That said, we are always keen to simplify where we can, where that can be done consistently with our other policy—not technical—objectives for the tax system. That can be particularly difficult when maintaining tax yield is of central importance—as it is for any Government—because anti-avoidance measures may always also be needed. Many of the complexities in the Bill, which other Finance Bills have had to include, are a direct result of the complexity of the schemes that the tax planning industry suggests to its clients as ways of avoiding the tax that their clients should be paying.

The hon. Member for Cities of London and Westminster dwelled on the work of the tax law rewrite project, which, despite his somewhat lukewarm description, is a very substantial piece of work: it has rewritten income tax Acts. It has drawn high praise from the professional bodies that brief the hon. Gentleman and his colleagues on the Bill, and from employers' organisations such as the CBI. Its benefits are clear: less time needed to get to grips with legislation and fewer errors caused by misunderstandings of legislation; fewer issues on which time needs to be spent obtaining specialist advice; fewer queries about interpretation;

and fewer disputes with Her Majesty's Revenue and Customs about the meaning of legislation. In due course, better legislation can lead to better taxpayer guidance.

The project has produced three Acts and rewritten the pay-as-you-earn regulations. Its work continues and further legislation is in prospect. The next Bill will comprise the third and final Bill on income tax, and the following Bill will cover a large part of the corporation tax system. As the hon. Member for Cities of London and Westminster recognised, it is a project that has consistently had all-party support. It was set up under the right hon. and learned Member for Rushcliffe (Mr. Clarke) when he served as Chancellor, and has been ably chaired by Lord Howe of Aberavon. The project makes the law clearer and easier to use. That may not be regarded as simplification in its fullest sense by all parties, but the law should be simple to understand and practical to comply with, and that is precisely the impact of the project's work.

In addition, we have made many substantive improvements and simplifications to the tax system. I will not prolong the debate significantly by listing them.

Let me be clear that the Government recognise that complexity can bring additional costs and burdens on taxpayers. We are committed to a tax system that keeps the burden of regulatory requirements to a minimum, and we take every possible opportunity to reduce that burden, particularly on small businesses. That is why the new HMRC has a specific remit from the Chancellor to reduce the tax system's administrative burden on small firms.

The hon. Member for Cities of London and Westminster said that regulatory impact assessments were never followed up and that the Government never reverted to them to check their accuracy or the cost that a specific measure had imposed in practice. My right hon. Friend the Paymaster General and I gave evidence to the Treasury Committee when it examined those issues last year. When it considered tax compliance cost, we set out the RIAs' post-implementation reviews, which it was keen to study. They have been conducted in consultation with outside interests and subjected to external scrutiny. I hope that the hon. Gentleman will reflect on his earlier comments when he reads those reports. The merger of the Inland Revenue and Customs and Excise gives us the opportunity and scope to build further on the work that we have already completed.

The hon. Gentleman knows that any Government maintain a constant and continuous review of the tax system. For us, that includes the objectives of modernisation, improvement and simplification of tax, as well as the reduction of administrative burdens. The process benefits from regular and effective consultation with all the interested parties. There is therefore no gap, as the hon. Member for Chipping Barnet argued, in the system.

New clause 4 would trigger a further review process, conducted by a new commission. That would add little, and would duplicate something that is probably the task of Government. It is unnecessary and inappropriate to franchise out that task to a separate body.

The Government are already simplifying the tax system and we have set out our objectives for the tax system. We report regularly on progress against those objectives and consult widely across the spectrum on a range of issues. It is the fundamental job of Government to do that, and we are held to account for it. I hope that the hon. Gentleman will not press the new clause to a vote. If he does, I shall have to ask my hon. Friends to reject it.

Mr. Mark Field: I suspect that consideration of clause 4 always brings out a certain sensitivity in Labour Members. However, I thank the Financial Secretary for his considered reply.

As ever, my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) made an excellent contribution based on her great experience as a Member of the European Parliament. She rightly stressed the uncertainty and complexity that has crept into domestic tax law. Let us be honest: that has not happened only in the past eight years; the problem goes back many years. However, as I said earlier, there has been no consolidation measure since 1988.

I thank the hon. Member for Eastleigh (Chris Huhne) for his support. I must make a small confession about his somewhat belated entry into the House. I first voted in the 1983 general election when I lived in my home town of Reading. The constituency was Reading, East and the SDP/Alliance candidate was none other than the hon. Gentleman. Four years later, when I was at university in Oxford, in the constituency of Oxford, West and Abingdon, the hon. Gentleman was also the candidate. I hope that he will not move to the Cities of London and Westminster because that would make it a hat trick.

I thank the hon. Member for Bristol, West (Stephen Williams) for his brief contribution, despite his exposure of the fact that not all the thoughts that I expressed were entirely mine.

I accept the Financial Secretary's comments about the second Chamber. My remarks were slightly obiter dicta. I simply tried to speak a little about modernising the House of Lords and part of the contribution that it could make. I did not suggest that it could do fundamentally more than perhaps consider aspects of financial and tax legislation. However, I accept that many of the concerns that we have expressed go back beyond 1910. I know from my role as Member of Parliament for the City of London about the privileges that exist to this day in the City. In this place, they relate to financial power having moved away from only one side of Parliament.

I accept that complexity is a two-way street. Inevitably, accountants, tax advisers, lawyers and so on have a large vested interest. However, the Financial Secretary rushed too quickly over my earlier point that the obscurity and complexity of many new laws and regulations on tax encourage avoidance.

2.45 pm

Conservative Members believe that it is high time for a review, although I accept the good nature of earlier comments. I therefore believe that we should vote on the new clause.

Question put, That the clause be read a Second time:—

The House divided: Ayes 194, Noes 289.

Division No. 31] **[2.45 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Conway, Derek
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Mr. Nick
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Mr. Martin
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Mates, rh Mr. Michael
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Mark Prisk and
Mr. Geoffrey Clifton-Brown

NOES

Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike

Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salmond, Mr. Alex
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. John Heppell and
Mr. Alan Campbell

Question accordingly negatived.

New Clause 5

Inheritance Tax: Mitigation of Double Charges

After section 104 there is inserted—

"104A (1) This section provides for the mitigation to the extent specified, of double charges to tax arising in the circumstances specified (in subsection (2)).

(2) The specified circumstances are—

(a) an individual ('the deceased') makes a transfer of value to a person ('the transferee') of property which comprises a debt owed to him by another ('the debt'), and

(b) the transfer is or proves to be a chargeable transfer, and

(c) the deceased dies on or after 31st July 2005 and within seven years of the transfer of value, and

(d) at the date of the deceased's death all or part of the debt has been written off, waived or released by the transferee or by any other person and such write off, waiver or release was made otherwise than for full consideration in money or money's worth, and

(e) that part of the debt which is written off, waived or released was before such event, represented by or was attributable to or its value was derived in part or whole directly or indirectly from, other property being relevant property within the meaning given in paragraph 21 or 22 of Schedule 15 to the Finance Act 2004, and

(f) the deceased is for the purposes of IHTA 1984 or section 102(3) Finance Act 1986 beneficially entitled immediately before his death to the relevant property or if not so beneficially entitled the relevant property was the subject of a potentially exempt transfer by virtue of section 102(4) of the Finance Act 1986, and

(g) the relevant property—

(i) is comprised in the estate of the deceased immediately before his death within the meaning of section 5(1) of the Inheritance Tax Act 1984 and the value attributed to it is transferred by a chargeable transfer under section 4 of that Act, or

(ii) is property transferred by the potentially chargeable transfer to which sub-paragraph (f) applies, value attributable to which is transferred by a chargeable transfer.

(3) Where this section applies, there shall be calculated, separately in accordance with sub-paragraphs (a) and (b), the total tax chargeable as a consequence of the death of the person—

(a) disregarding so much of the value transferred by the transfer of value of the debt (being the property to which paragraph (2)(a) refers) to the extent that the debt has been written off in accordance with paragraph (2)(d) above, and

(b) disregarding so much of the value transferred by the transfer of value of the relevant property (being property to which paragraph (2)(g) refers) as is represented by or attributable to the value of that part of the debt which has been written off, waived or released in accordance with sub-paragraph (2)(d).

(4)

(a) Whichever of the two amounts of tax calculated under paragraphs (3)(a) or (b) is the lower amount shall be treated as reduced to nil but subject to sub-paragraph (4)(b) the higher amount shall be payable.

(b) Where the amount calculated under paragraph (3)(a) is higher than the amount calculated under (3)(b)—

(i) so much of the tax chargeable on the value transferred by the chargeable transfer to which paragraph (2)(g) refers as is attributable to the amount of that value which falls to be disregarded by virtue of paragraph (ii) shall be treated as a nil amount, and

(ii) for all the purposes of the 1984 Act so much of the value transferred by the debt to which paragraph (2)(a) refers as is attributable to the property to which paragraph (2)(d) refers shall be disregarded.".'.—*[Mr. Philip Hammond.]*

Brought up, and read the First time.

Mr. Philip Hammond: I beg to move, That the clause be read a Second time.

New clause 5 addresses an anomaly—indeed, I might call it an injustice—that is estimated to affect about 30,00 people, and which we believe was not intended to arise. We recognise that there may be ways of achieving the relief that the new clause seeks other than amendment of the underlying primary legislation, but this is the route that we have chosen. I hope that I shall be able to secure a commitment from the Paymaster General, if not to accept the new clause as drafted, at least to provide relief from the double charge that I shall describe by whatever means the Revenue finds most appropriate, so that those 30,000 people can get on with their lives with some certainty about their position in relation to inheritance tax.

3 pm

If I might indulge in a little background history, the House will recall the closing of an inheritance tax avoidance scheme involving pre-owned assets in the 2004 Finance Act. The scheme, used by many families, essentially involved disposing of the family home while retaining the right to live in it. It relied on the creation of two trusts to avoid the rule that would make a transfer ineffective for inheritance tax purposes where an interest—the right to continue living in the house—was retained when the gift was made.

Under the scheme, the house, rather than being given away, was sold to a trust—let us call it trust one—at an arm's length price in exchange for an IOU. Because that was an arm's-length market price transaction, it had no inheritance tax implications—the individual had simply swapped assets in the form of a house for an IOU. Then came the clever bit—the IOU was gifted to a second trust for the benefit of the donor's children, that being a trust in which the donor had no interest. Thus the gift of the IOU to the second trust became a potentially exempt transfer—if the donor survived seven years from the date of the gift, no inheritance tax would be payable. Of course, the gift of the house to the children's trust would also be a potentially exempt transfer, and if the donor survived seven years, no inheritance tax would be payable, but only if the donor retained no interest in the house. If the donor wanted to live in the house, that route would not work for inheritance tax purposes, and the use of the double trust device allowed the potentially exempt transfer benefit to be obtained while retaining a lifetime interest in the house for occupation.

Let us be clear: that was a convoluted, although legal, piece of tax planning, prompted by the ever-widening net of inheritance tax. That tax was originally intended to capture the estates of the wealthy on death. The threshold has been allowed to reduce in real terms in relation to the value of the principal assets that make up modest estates—people' houses—to the extent that in my constituency and, I am sure, in many other parts of the country, an estate comprised solely of a three-bedroomed former council house will be caught by what has become the greatest stealth tax of all, a tax which, until recently, ordinary people did not have to bother themselves about.

Mr. Charles Walker (Broxbourne) (Con): Does my hon. Friend agree that the tax at the current threshold penalises most people living in the east and south-east who might be on moderate incomes and have moderate homes? Does he believe that the original intention of the tax when introduced was to hit such people?

Mr. Hammond: My hon. Friend makes two very good points. Clearly, it was not the intention of inheritance tax when introduced to hit the estates of modestly-off people—it was a tax at death on the estates of the wealthy, and was originally conceived as a tax on land. Its scope is now far wider than was originally intended, and it has become one of the great stealth taxes, largely because of the rapid increase in house prices.

My hon. Friend makes another excellent point: its incidence is not evenly distributed across the country because of the historic disparity in the rise in house prices and the level of house prices. People on average incomes in parts of the south-east, London and eastern England are likely to be caught by the tax, and people on average earnings in other parts of the country are much less likely to be caught by it, because of the less rapid escalation in the value of their housing assets. That is another aspect of the unfairness of using fiscal drag as a way of expanding the scope of a tax.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my hon. Friend therefore agree that, when the Government tried to block what it was perfectly reasonable to block, it was not acceptable that they did it retrospectively and then pretended that it was not retrospective? Its retrospectiveness lay in the fact that people who had done what was perfectly legal and what had been shown in the courts to be legal were then told that it would have to be undone, in circumstances that, by their nature,

would be wholly different from the circumstances in which they had made the decision in the first place. Had they known that that was going to happen, they would not have made the same decision. That was blatant retrospectiveness.

Mr. Hammond: My right hon. Friend is right. Those of my hon. Friends who have had the opportunity of serving on the Finance Bill Committee, and those who served on previous Finance Bills, will know that the Paymaster General will make a great case for the distinction between retrospectivity and retroactivity. She will say that the measure was not retrospective, although it was retroactive. I am afraid that the effect on the taxpayer is exactly the same.

In the Finance Act 2005, the Government called time on this particular scheme, not by attacking inheritance tax planning directly but by levying an income tax charge on the value of the benefit from the retained interest in the house sold at arm's length to the first trust. That caused considerable anguish and anger because of the retroactive nature of the legislation—imposing a new tax on a series of difficult-to-reverse transactions, some of which had been in place for nearly two decades when the measure was introduced. There was a large-scale gnashing of teeth at the time. Now that the dust has settled, most taxpayers accept that the game is up, and that the schemes that they have expensively set up have failed for the purpose that they set them up, and that those schemes should now be dismantled. That is what most taxpayers confronted with this new income tax charge want to do. Therein lies the problem that we seek to address with new clause 5.

The Government action under the Finance Act 2004 was devastatingly effective. It completely removed the economic benefit of the schemes, and the Government's objective would be achieved by the dismantling of the schemes. Unfortunately, in doing so, the taxpayer is subject to a huge risk of a double taxation charge. The Government have provided a protected exit route from such schemes. Regulations under the Finance Act 1986 provide some protection against double charging, and regulations that were made earlier this year, under schedule 15 to the Finance Act 2005—a measure targeted to deal with a problem that had already been recognised—provide for those who have set up such a scheme to avoid the income tax charge by making an election, which essentially makes the whole establishment of the double trust transparent for inheritance tax purposes. The trusts therefore remain in place, but the house, notwithstanding its sale, is treated as a chargeable asset, and the relief is given on the lesser in value of either the house or the debt due from the children's trust on death. No double charge to tax would therefore arise.

That is a de facto unwinding of the situation from an economic, not a legal, standpoint. It has been an effective way out of the mess for many ordinary middle-income families, leaving them bruised by the expense and stress of setting up and then unravelling the scheme but otherwise intact, while protecting the Exchequer at the same time by ensuring that the same inheritance tax is payable as would have arisen in the absence of the scheme.

There are good reasons, however, why the election route under regulation 6 of the snappily named Charge to Income Tax by Reference to Enjoyment of Property Previously Owned Regulations 2005 is not an appropriate route for most people. First, the ownership of the property is left unchanged—the economics of the scheme are addressed but ownership is not, so that while the house will be charged to inheritance tax in the donor's estate, the debt, which has been gifted to the children's trust, remains in existence and will eventually give rise to a tax charge on the children who are the beneficiaries of the children's trust.

Secondly, most people not unnaturally feel that, if they have come out with their hands up, unravelled the arrangements that they have made and accepted that they will remain liable to inheritance tax on their house—the asset originally intended to be protected—there should not then remain in existence what is effectively a debt due from them to the children's trust that they have established.

Thirdly, and perhaps most importantly, for technical reasons, an election under regulation 6 by a married couple will give rise to an inheritance tax charge on the first death rather than, as is normally the case with a married couple, on the second death. That does not alter the total inheritance tax due on the house, but it can cause serious cash-flow problems for the surviving spouse, and may possibly even require the sale of the house on the first death.

That cannot—at least, I hope it cannot—have been the Government's intention. Given the problems that I have outlined, the obvious route for such people is to unwind the scheme rather than take advantage of the right to make an election under regulation 6. Unwinding the scheme would involve the trustees of the children's trust advancing the debt to the beneficiaries and the beneficiaries then releasing or writing off the debt due to them, so the position would revert to what it had been before. Mr. and Mrs. A would no longer hold the house subject to a debt but would be fully liable to inheritance tax on its value, while escaping the income tax charged on pre-owned assets.

The difficulty is that, if either Mr. or Mrs. A, or both of them, die within seven years of the original gift of the debt to the children's trust, they face two lots of inheritance tax, one on the failed potentially exempt transfer represented by the gift of the debt and one on their share of the full value of the house. Two inheritance tax charges will be made on what is essentially the same economic value.

Before this year's regulations were made, that problem also arose if people made an election under the Inheritance Tax (Double Charges Relief) Regulations 1987. However, regulation 6 of the 2005 regulations now relieves from a double-taxation charge the estates of people who die within seven years of the original gift of the debt having made the election under regulation 7.

Unfortunately, the same treatment does not extend to people who unwind arrangements completely. Our purpose is to seek a commitment to close that unintended trap—at least, I hope it was unintended—for unwary people seeking to comply with the changed rules by unravelling the schemes that they set up before the Finance Act 2004.

New clause 5 seeks to amend the underlying primary legislation—the Finance Act 1986, under which the original relief was available—to address the circumstances that I have identified, by inserting new section 104A. In

[Mr. Hammond]

practice, that would extend to people who die within seven years of unwinding a scheme by writing off or releasing the debt, the same relief as applies to those making an election. It would do that by requiring two separate calculations of the tax due—in respect of the debt and in respect of the house—and requiring the lower valuation to be reduced to nil, and the higher amount to be payable. Essentially, that is the same procedure as required under regulation 6 of the 2005 regulations for people who have made an election.

Subsection (2)(d) of proposed new subsection 104A, providing that the double taxation relief would be available only if the release of the debt was being made other than for full-value consideration, would ensure that the new clause could not become a tax avoidance mechanism in itself. The relief would operate whoever released the debt. In the example that I have used, it would be the children who were the beneficiaries under the children's trust. The debt would have to be advanced to the beneficiaries, because only they could readily give a discharge of the debt from the settlor. The trustees cannot write off the debt, because to do so would confer a benefit on the settlor, who would have been excluded by the terms of the original trust deed when it was set up for the original purpose.

3.15 pm

For whatever reason—I suspect it is largely because of the pressure of the growing net of inheritance tax—ordinary people have been lured into complex tax planning by the iniquitous tax drift that has turned IHT into the biggest stealth tax. Retroactive legislation has been imposed on them, and most of them have now accepted that the schemes into which they entered are ineffective, and they want to unwind them, thus giving effect to the Government's intentions. However, they find that they cannot do so without incurring a real risk of double taxation which, even without taking into account the costs of setting up and dismantling the scheme, would leave them significantly worse off.

We must not forget that, as my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) said, those schemes were perfectly legal tax planning when they were set up. Indeed, they remain so, although they have been economically neutered. Ordinary people seeking to comply with the changed rules should not be penalised by modest estates being put at risk of a potential 80 per cent. tax charge on the surplus value of the estate over the IHT threshold if both the debt and the house are chargeable to IHT.

Even with the proposal for relief that we suggest in new clause 5, there would still be considerable downside risk for the taxpayer seeking to unwind such a scheme. First, a beneficiary of the children's trust will suffer inheritance tax if he dies within seven years of the debt being written off. Secondly the position for married couples who leave their property to each other on the first death, within seven years of the original gift, will remain unsatisfactory. For example, if Mr. A dies within seven years of the original gift of the debt, the potentially exempt transfer will become chargeable, even with double charge relief. On Mrs. A's death later, the full value of the house would become chargeable, so in effect, Mr. A's share will be taxed twice.

Perhaps that will be sufficient to satisfy the Paymaster General's well-known penchant for putting into the tax system deterrents to legal tax planning. However, even with those remaining penalties, new clause 5 would greatly improve the position of the group of taxpayers who seek to unwind schemes and get on with the rest of their lives. I therefore appeal to her sense of compassion. Many thousands of people, the vast majority of whom will never have indulged in any form of serious planning before, and the vast majority of whom will have no wish to go near any form of tax planning ever again, have been caught in this trap.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): My hon. Friend is putting across a highly technical case very cogently. Does he agree that, because of the way in which the Government have treated inheritance tax, and the fiscal drag, some people who have bought their own council houses will now come within the IHT net? There is nothing wrong with arranging one's affairs to minimise tax payable—and that is basically all that those people were doing. They should be allowed to unravel those schemes without having to pay a huge amount of double taxation, which is effectively a fine on taxpayers for arranging their affairs so as to pay the minimum amount of tax.

Mr. Hammond: My hon. Friend is certainly right on the first count: as I said earlier, a modest three-bedroomed former council house in my constituency will certainly take an estate within the scope of inheritance tax. On his second point, there is a constant debate about the line between acceptable tax planning and unacceptable tax avoidance. That line is not clear or easily defined and those who have been involved with this Finance Bill accept that there are some difficult decisions to be made. In one sense my hon. Friend's comments are incontrovertible: people who have held up their hands and acknowledged that the game is up, and seek to unwind the schemes that they have set up in order to comply with the intention of the legislation, should not now be subject to an excessive penalty wholly disproportionate to the mischief in which they are alleged to have engaged.

I think that that is wholly unintentional, because earlier this year the Government took steps to ensure that people who made elections were not subjected to a double tax charge. I have to believe that it is the Government's intention that people should be able to unravel and escape from these schemes without facing the double tax charge. I hope that the Paymaster General will be able to confirm that this afternoon.

Mr. Clifton-Brown: Is my hon. Friend aware of the old tax maxim that tax evasion is totally illegal, while tax avoidance is perfectly legal?

Mr. Hammond: I would prefer to say that tax planning is perfectly legal. As our tax code has developed, the more convoluted forms of avoidance, while not illegal, are certainly subject to action by the Revenue. We have acknowledged during the Bill's passage that there is a constant game of cat and mouse. The Paymaster General expressed the view in Committee that she did not want to have to engage in a constant game of cat and mouse, but that, I fear, is the

lot of Paymasters General, who are constantly pursuing a moving goal. Tax planning will move on and the Government and the Revenue will seek to close down the more convoluted and artificial tax-avoidance schemes. That is their right. The concern on this side of the House has always been about the degree of retroactivity in seeking to close down such convoluted tax-avoidance opportunities.

I hope that the Paymaster General will be able to say something positive to this group of 50,000-odd people who simply want to get on with the rest of their lives, having recognised that what they did in the past was unwise and has certainly not delivered any benefit. Indeed, many families have been put through enormous stress, and we are not talking about wealthy individuals with complex affairs. Many are just ordinary families. Those people are now fearful of taking any action until the Revenue confirms that there will be no double tax charge. The longer the delay in releasing the debt and unwinding the scheme, the more income tax will have to be paid on the deemed charge equal to the value of the rent of the property that they continue to live in.

In fairness to those ordinary families, I hope that the Paymaster General will be able to accept new clause 5. If not, I hope that she will at least confirm unequivocally at the Dispatch Box today that the Government will either amend the regulations or take appropriate alternative steps to allow those schemes to be quickly and effectively unwound so that there is an alternative route for those people for whom election under regulation 6 is not an appropriate exit. They should be able to unwind their schemes without undergoing the huge potential costs that the current regime imposes on them.

Mr. Gummer: First, I would like to declare a disinterest in the sense that I have never created such a trust or been a beneficiary of one, so I believe that I can be perfectly objective about the subject. Secondly, I acknowledge that I have taken part in debates on these matters before and disagreed with the Paymaster General on her definition of retrospection. I retain that belief, but I took from that debate her genuine intention to ensure that people who had perfectly reasonably entered into a perfectly proper legal undertaking would be able at least to disengage themselves from it. Although that did not overcome the problem that they would not have made the initial decision all those many years back had they been told that the terms of the agreement would be subject to retrospection, it did at least solve the problem of retrospection in the sense that, previously, they were punished for finding themselves in their current circumstances. I agree with my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) that, since then, the Paymaster General has shown herself willing to try to maintain her position.

I want to refer to three main points. First, it does not seem to me to be in any sense unpleasant to seek to allow one's children to live in the house in which they have been brought up, whereas I think that there is something wrong with a taxation system that does not view that as a natural activity. I believe that in most cases, if not all, people will already have paid tax on the money that they have invested in their houses. It is not as though they are perpetuating a non-taxable value: they have paid tax, spent money on the house and brought up their families in it. I have no difficulty in saying that there is nothing dishonourable whatever—indeed, I think that it is very honourable—in people wanting to allow their children to continue to live in that house.

Secondly, we should accept that the increase in house prices has meant that many who live in houses that are now caught by inheritance tax do so in circumstances in which they are not themselves very wealthy. They are capital rich, but may not be that well off in current terms. The children who are to inherit the house often find, for the same reason, that it is the only chance that they will ever have to live in a house of their own. They may be financially involved in the house already and may have continued to live in the house with the objective of allowing their children, in turn, to live in it. It is neither wicked nor a mark of extreme wealth to seek to achieve such a sensible end. Indeed, it is often a mark of someone who has used his taxed income properly. That becomes even more important when people do not get any mortgage relief—tax relief on the mortgage costs that people have to pay.

Thirdly, many would say that a sensible tax regime would exclude the family house in any case. I personally take the Belgian view in believing that there should be no inheritance tax at all. I believe that it is the wrong way of taxing and that there are many preferable ways of doing so. I would replace it with something different, which is not at all unreasonable. It is clearly an attractive option because Belgium attracts a large number of French people to live under its tax system. For many people, the ability to hand on what they have earned to their children is much of the reason for earning it in the first place. It is a dangerous thing for a society that does not encourage such continuity and that sort of enterprise.

Mr. Clifton-Brown: My right hon. Friend is making a cogent contribution. Does he agree that many people nowadays have to work way beyond the retirement age in order to pay the mortgage on a very expensive house purely in order to pass it on to their children? If the fiscal drag that comes from the inheritance tax system continues, people may be thwarted in that aim and may well choose not to work for so long past their retirement age.

Mr. Gummer: My hon. Friend makes an important point, but I do not want to follow too far down that particular road for this reason: I am not justifying my position on inheritance by virtue of the fact that high house prices have made what is inherently wrong more obviously wrong. I want to argue something much more fundamental, which is that a society that wants to encourage stability and enterprise is a society in which the ability of families to hand on money and a home is a crucial component of that stability.

Those who believe in a property-owning democracy should not believe in a one-generation society. Those of us for whom the family is the most important element in our lives—who support marriage, want the state of marriage to be important, and want married couples to work together, so that their children can inherit from them—should be encouraged, not discouraged.

Mr. Walker: My right hon. Friend has got to the nub of the problem. We, as Conservatives, believe that the family is the most important thing in people's lives, whereas Labour believes that it is the state.

Mr. Gummer: That is not only true but self-evident. I do not wish to go down that line, but I do notice that whenever one talks about the importance of the family, of stability, of passing on what one generation has worked hard for, not a grimace but an expression of laughter appears on the faces of particular Labour Members. They laugh because they do not really understand what it is that has kept the nation stable over the generations, and which also motivates most people.

3.30 pm

Anyone of my age who asks their friends why they are still working will discover that they are doing so because they believe that it is contributing to the continuity of their family and to the well-being of the children and grandchildren whom they care about. A state that does not take that into account is very mistaken.

This issue is important in the context of the new clause, and for two fundamental reasons. First, let us consider a situation in which someone has sought properly and in reasonable terms to make their affairs as least taxable as is proper within the regime, but who then finds that although they have done nothing illegal—indeed, the courts supported their action—they are penalised according to the vague view that everybody ought to pay as much tax as they possibly can, rather than as little as they are legally liable to pay. Such a situation undermines people's respect for the tax system. Asking people to find new ways in which to make themselves taxable does not constitute a proper tax system.

A proper tax system recognises that although people have to pay the tax for which they are liable—they might choose to vote for a party that reduces tax—they should have no reason at all to fear that if they arrange their affairs so that, perfectly properly and legally, they pay less tax than if they had arranged them otherwise, they will be penalised, including retrospectively. I do not want to discuss retrospectivity, but I should point out that I realise that the Paymaster General, whose definition of retrospectivity is wrong in both dictionary and moral terms, does not want to turn retrospectivity into a punishment in this regard.

I turn to the second and equally important issue. If people feel that they are no longer being treated fairly by the tax system, those who have always been law abiding will be less so. The fairness of a system is crucial to widespread support for it, and to objections against those who break the law. I offer a direct comparison. It is much easier to get the sympathy of one's neighbours if one drives a motor car at 32 mph in a 30 mph limit in the middle of the night than if one drives over the drink limit. The reason why is that everybody recognises—indeed, there has been a very good bipartisan campaign—that drinking and driving is dangerous and unacceptable socially. Therefore, peer pressure is very strong and properly so, particularly and noticeably among young people. If one breaks the speed limit in the circumstance that I described, people tend to feel, "Well, it was the middle of the night and nobody was around." Such an act is certainly illegal, and of course the law has to be obeyed and applied. But my point is that once there is a feeling of unfairness, the social and peer pressures reduce.

I want a tax system that is so clear, obvious and open that people believe that—whether or not they like the tax, the Government or the Paymaster General—they ought to pay it. That seems to me to be right. If they want that system changed, they should find, through the democratic system, somebody who is prepared to change it. The Paymaster General has presided over such a complication of the tax system that ordinary people with limited resources must now take legal and tax advice in a way that they never had to before.

I have said what I am about to say before, and I will go on saying it. I hope that the Paymaster General will accept it, as it is not a personal comment, but she has been in the Treasury team for a long time. Under the tax system that we now have, ordinary people who own a house that has risen in value and who earn income from more that one source need technical advice that their predecessors in history never needed. The right hon. Lady must put that and some other problems right. Above all, she must try to make things simpler. That would be very good for the nation, but very bad for accountants.

One of the lesser purposes of this House is to make life difficult for accountants. If she can do that with this measure—and at the same time ensure that lawyers also have less work—I should be very pleased.

Dawn Primarolo: In debates such as this, it is important to bear in mind the specifics of the matter in question. That is preferable to taking a trip down the highways and byways of the individual views held by hon. Members. Today, we are discussing the tax system, and I want to respond to the points raised by the hon. Member for Runnymede and Weybridge (Mr. Hammond) in respect of new clause 5.

Before I do so, however, I want to put something on record. I know that the hon. Member for Runnymede and Weybridge knows this, but I want to make sure that other hon. Members are also aware of the situation. New clause 5 refers to a specific action that the Government took to close double trust avoidance arrangements.

Those arrangements are very complicated, and people do not fall into them in error. Double trusts are expensive to set up, and they benefit people who want to remove £500,000 or more from inheritance tax liability, under rules that have been in place for a very long time. The arrangements apply to houses, but also to works of art, furniture and an amazing range of items. In this rather simplified presentation, however, I shall use houses as my example.

Under the double trust arrangement, people would give their house to a trust. The trust then owns the house but the deal is a paper transaction only and so no money changes hands. The trust pays with what is, in effect, an IOU, but that IOU cannot be kept by the house's original owners. Therefore, it is put into another, unconnected, trust. The original owner has neither the property nor the income from it, but is able to continue living in it, even though it has been removed entirely from the inheritance tax regime.

The Government took various steps to change the arrangements. The classic way to deal with an anti-avoidance arrangement—to which some Opposition Members object—is to introduce complex legislation targeted specifically on removing the possibility of avoidance. This time, however, the Government decided to take a different route and say that people

could elect out of existing arrangements. The hon. Member for Runnymede and Weybridge spoke about unwinding, and I shall return to that later, but the Government's approach meant that people did not have to unwind arrangements that they had entered into.

As a result, people could claim, "Fair cop. We shouldn't have tax planned. We didn't mean to do it or for it to carry on into the future. We understand the point that the Government is making." If they did that, people only had to tell the Government that the double trust scheme had been cancelled. By electing out in that way, people could get back to where they should be in the inheritance tax system. That is all that we are discussing.

The hon. Gentleman gave a long explanation of various possibilities. Sometimes such trusts are set up for children, and complications arise about the age of the children and whether they can be beneficiaries. The hon. Gentleman made a point about the sequence of events, but the lesson is that anybody who is foolish enough to go in for complicated tax planning must understand how the rest of the tax system might impinge on that planning.

The hon. Gentleman raised the issue of the IOU in the second trust, depending on who died first and the age of the children, and the possibility that the spouse may be subject to charges if the IHT charge comes in earlier than expected. That point has been raised with us before, and officials at HMRC are currently discussing that point with advisers. My approach to the points that the hon. Gentleman made—and, therefore, the approach that the officials will take—is that I am not prepared to sanction further exemptions from what are very clear rules. The rules contain a clear exit—the election—but as the hon. Gentleman suggested, we have been prepared to remove double charges. When specific examples—not individual cases—have been provided that can be encompassed in the regulations and have the benefit of removing unintended consequences, I am prepared to consider them and I have asked my officials to do so.

When we consulted on the proposals, they were not greeted favourably by the tax planning industry, but that is no surprise. It was busy selling schemes that we wanted to prevent it from selling. I did not expect industry representatives to beat a track to my door to say, "Thank you, Minister. We're really pleased you did that." My officials asked the industry whether we needed to consider transitional arrangements while schemes were unwound—to address the points that the hon. Gentleman made about the possibility of an unfair double charge. At that point, the industry claimed that unwinding was impossible, because the schemes were so complicated.

Therefore, we came up with the simple proposition that the taxpayer could elect out of the scheme by a simple declaration to the tax officials that the scheme would no longer operate. The schemes did not have to be unwound and taxpayers did not have to pay for them to be unwound or pay to take advice on their unwinding. The taxpayers could sign a piece of paper, send it to HMRC and it was done. I thought that that was a good, simple way to solve the problem. However, this year, people are coming back to us and saying, "Hmm, we think we'd like to unwind. Can you give us general powers to unwind schemes?" My answer is no, for the following reasons.

Call me a cynic, but I have a horrible feeling that the sudden desire to unwind is prompted by the discovery of a way to replan. I also think that election is a good and fair answer for all taxpayers. My understanding of the main thrust of the points made by the hon. Member for Runnymede and Weybridge is that he has been briefed that there could be unintended circumstances where double or unfair taxation may arise, and the desire to avoid that is his only motivation for the new clause. It is not because he wants to return to tax planning—to go back to go. However, the regulation-making power, which the House found somewhat controversial, allows the Government to do that. There are some valid cases, one of which the hon. Gentleman put today and which my officials are taking forward. The power to make regulations remains available so that HMRC can consider using it further, if advisers who favour the unwinding route can make a detailed case that it is designed specifically to reach one end—fairness to the taxpayer—and not to open up other possibilities. That can be achieved through decent dialogue between HMRC and advisers who are concerned about the issue. That is where we are.

3.45 pm

The hon. Gentleman does not need his new clause because the regulating powers provided enable the House to respond to detailed cases. As the arbiter on whether the regulations are made, I set a reasonably simple and straightforward test, which is the intent of the House: those who say they need such powers have to make the case for the powers and the regulations, and must demonstrate exactly which unfairness we need to address. If they can do that, and if they are open with HMRC, I shall certainly be prepared to give from the Dispatch Box the undertaking that the hon. Gentleman seeks and bring forward the exact details of precisely what is needed to address the perceived injustice. It will then be considered. But I will not give him an undertaking from the Dispatch Box that a general request for power to unwind—wherever that might take taxpayers and tax planners—would be granted, because it will not.

I hope that the hon. Gentleman will see that powers exist and that opportunities for change are in the hands of taxpayers and their advisers, and the people who are advising him. If those advisers provide the details, they will be considered and if necessary regulations will be changed to ensure that the perceived unfairness does not occur. On that basis, I hope that he will not push the new clause to a vote, but if he decides to do so, regrettably, I shall ask my hon. Friends to oppose it.

Mr. Philip Hammond: I am disappointed that the Paymaster General has chosen to paint as bad people those who use trusts that were perfectly legal tax-planning devices when they were set up. As I said earlier, those people have come out with their hands up; they have accepted that the trusts did not work and they now want to exit from the system.

[Mr. Philip Hammond]

The Paymaster General's remarks did not address the fact that the Government have already acted to offer relief to many of those people. We cannot have a situation where some of the people who set up trusts are bad people and do not deserve relief, while others are good people who can elect to escape from at least the economic effects of the arrangements that have been put in place.

The Paymaster General reiterated my words in using the phrase "unintended consequences". I have not clearly understood from her remarks that those in this group of approximately 30,000 people, for whom it is not appropriate to use the route of an election, are the products—*[Interruption.]* The Paymaster General asks why it is not appropriate. I have given the two most important reasons: first, the possible impact on beneficiaries of children's trust if they die within seven years; and, secondly, the advancing to the time of the first death of the charge to inheritance tax when the taxpayers involved are a couple who make an election for a property that they hold jointly. That would have the disastrous consequence of causing inheritance tax to become payable by the widow or widower of the deceased at the time of the first death—a huge cash-flow problem that would almost certainly involve the forced sale of the house. That is why I am advised that the election process is simply not appropriate for certain groups of people.

As the Paymaster General has spotted, I did not invent the new clause and the arguments that support it. We have been advised by the Chartered Institute of Taxation and the Society of Trust and Estate Practitioners, as the Paymaster General has. The arguments that I have used have already been made in detail both to the Paymaster General—

Dawn Primarolo *indicated dissent.*

Mr. Hammond: Well, those arguments have been made both to the Paymaster General and to senior Revenue officials. If she is not able to say something more specific about the relief that we seek for that group of people, I have to believe that the relief that she is thinking of may be very much narrower that the one that I have been seeking.

I am pleased to hear that HMRC is discussing these matters with advisers—I assume that that means with practitioners and those in the wider world outside—but the Paymaster General's commitment to addressing the full extent of the problem that I have outlined seems to be a bit less than 100 per cent. Indeed, if I have not misinterpreted her too much, she has tried to blame the whole thing on the tax advisers by suggesting that they did not identify the problems that would arise in unravelling such arrangements, so that the measures that the Government have put in place for elections have not addressed the situation in which all those people find themselves.

Although I understand very well the Paymaster General's view on tax planning—I have had four weeks in which to study her view on people who engage in tax planning—I do not think it helpful to adopt the tone that she adopted about the tax advisory industry and people who engage in what is, when they engage in it, perfectly legal tax planning, thereby taking advantage of the taxpayer's age-old right to arrange his affairs within the law to minimise his tax until such time as the Government change the law. That is the game of cat and mouse in which Paymasters General since time immemorial have been engaged.

I do not believe from the information that I have received that it is at all fair to characterise the approach that is being made—principally by lawyers, who are being consulted on ways to unwind such arrangements and get people out of the mess that they are in—as stimulated by having spotted an opportunity to undertake some alternative planning. If I may say so, perhaps seven years in post has made the Paymaster General a tad too cynical about those in the world outside.

Mr. Clifton-Brown: The Paymaster General may have misunderstood the import of what she is doing in such elections. I understand that some form of court order will be required to break such trusts. That is the only way a trust can be broken. Therefore while she may have mitigated the tax problems, she has not dealt with the future problem of double taxation—the fine—if a second death occurs after the trust is in place.

Mr. Hammond: I am sure that my hon. Friend is right to suggest that a court order might be required to break a trust, but I cannot comment on that. My understanding is that the new clause would provide an effective route which, in substance, would reverse the transactions and create precisely the situation that would have existed had the arrangement not been entered into in the first place. That is to say, the settlor would be liable for inheritance tax on the value of the house, but there would be no tax liability on the now cancelled debt. I should say that things would not be quite as they would have been before, because the settlor would still be disadvantaged in the ways that I outlined earlier. There would be an element of penalty that perhaps would satisfy the Paymaster General's general view that people should be deterred from engaging in tax planning by finding it expensive to exit from retrospective taxation arrangements once they are imposed.

The Paymaster General did not give a time scale for the relief that she will possibly be able to introduce, and the time scale is extremely important. We are talking in many cases not about very wealthy people, but about people living on quite limited incomes who will now be required to meet an income tax charge until they have unwound these schemes.

The Paymaster General did not attack the new clause itself, and it was drafted by a senior legal professional. Although I accept her intention to look at the matter further, I shall ask my hon. Friends to vote to indicate the strength of feeling that exists in the House and outside and to help to stiffen the Government's resolve as they take the matter forward.

Question put, That the clause be read a Second time:—

The House divided: Ayes 153, Noes 340.

Division No. 32] **[3.56 pm**

AYES

Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, Mr. David
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Conway, Derek
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Forth, rh Mr. Eric
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Herbert, Mr. Nick
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paisley, Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Michael Fabricant and
Mr. Geoffrey Clifton-Brown

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julie
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hayes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon

Hoey, Kate
Holmes, Paul
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Mr. Martin
Hosie, Stewart
Howarth, Mr. George
Hoyle, Mr. Lindsay
Hulme, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Ladyman, Dr. Stephen
Lamb, Norman
Lewis, Mr. David
Lexton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moren, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salmond, Mr. Alex
Salter, Martin
Sanders, Mr. Adrian
Shaw, Jonathan
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Ian Cawsey and
Kevin Brennan

Question accordingly negatived.

New Clause 7

Road Fuel Regulator

'In the Hydrocarbon Oil Duties Act 1979 (c. 5) section 6 (excise duty on hydrocarbon oil) there is inserted after subsection (1A)—

"(1B) The Chancellor of the Exchequer shall publish a forecast based on the expected direction of international oil prices.

(1C) When the average price per litre of a fuel listed in subsection (1A) above increases by more than 3 pence over any period of six months, the Chancellor of the Exchequer shall make regulations reducing the duty rate on that fuel and that reduction in fuel duty shall be based on the increase in the cost per litre accounted for by VAT.

(1D) Whenever international oil prices rise above the level estimated by the forecast made in accordance with subsection (1B) above, indexed fuel duty increases shall be frozen until the international oil prices return to the forecast level."'.
—[Stewart Hosie.]

Brought up, and read the First time.

Stewart Hosie (Dundee, East) (SNP): I beg to move, That the clause be read a Second time.

We are seeking to amend the Hydrocarbon Oil Duties Act 1979 with the new clause, which, I am pleased to say, has the support of the Road Haulage Association as well as members of the Scottish National party, Plaid Cymru, the Democratic Unionist party, the Ulster Unionist party and the Social Democratic and Labour party. It is designed to deal with oil prices that are exceptionally high for various reasons and with exceptionally high pump prices for road fuel. It has no impact at all on expected revenue, because the mechanism would apply only when oil prices and revenues are above the Chancellor's forecast range or when the fuel price at the pump increases by more than 3p over a six-month period. As it applies only when fuel prices are abnormally high, it has no implications for the environmental benefits sought by the ongoing managed increase in duties.

There is widespread recognition of the pain suffered by the road haulage industry. Bankruptcies in that sector are twice the average of other industry sectors. Hauliers' average running costs are 52p a mile—some right hon. and hon. Members will remember when petrol and diesel cost 52p a gallon. Competition from hauliers in Europe, driven by lower fuel prices elsewhere, have led to a massive reduction in the percentage share of cross-channel freight delivered and carried by UK hauliers. The industry and, indeed, domestic car users pay some of the highest fuel prices in Europe, driven by some of the highest taxes on fuel in Europe of 69 to 74 per cent.

That is bad enough, but the biggest problem is the inability of businesses in particular to plan properly while fuel prices rocket. Unlike spikes in the past, those prices have stayed high for a long period. Our proposals for a road fuel regulator in proposed subsection (1C) respond to prolonged increases in the price of fuel at the pumps. If there were a rise in petrol and diesel of 3p a litre or more in any six-month period—according to my calculations, there have been three occasions since 2000 when that has happened to four-star petrol—our proposal would take the edge off the increases and minimise the impact on businesses and consumers. To give a little background, the first prolonged spike above 3p a litre for a six-month period occurred between January and July 2000. The price remained high and, if our proposal were operating, the regulator would have remained in force until December 2000. When the second spike occurred between September 2002 and March 2003 the regulator would have remained in place for one month until April 2003. The final spike in four-star prices occurred between April and October 2004, and the regulator would remain in place until the present time. We propose that the Chancellor be required to reinvest the additional revenue that he receives from VAT on the higher pump price to lower the duty on fuel in such circumstances.

As an illustration, the Automobile Association has done its own calculation based on unleaded fuel. It estimates that some six months ago the average price of the fuel was 80p.

Mr. Walker: Does the hon. Gentleman accept that if we are to reduce greenhouse gas emissions, as we all want to do, fuel prices will have to increase over time, perhaps quite rapidly, and that tax is one way of achieving that increase to reduce usage?

Stewart Hosie: I thought I had covered that earlier. If we use duty or tax—a price mechanism—as a disincentive for car use, that is a managed increase. I am referring to the prolonged spiking—the unexpected increases for which businesses in particular cannot plan—over and above the normal increases in duty that may or may not be applied as an incentive to reduce vehicle use. I hope that helps.

As I said, the AA, using its own estimates on unleaded petrol, indicated that some six months ago the price of a litre was about 80p. This month it is about 86p. If our road fuel regulator were in place now, that would trigger a cut in fuel duty of 1.2p, which would be paid for by the increased take in VAT over the past six months. It would take away some of the pain—some of the spike—for consumers and road hauliers at no real cost to the Treasury, as the revenue that it gained was unexpected in the first instance. Such a move would have lowered pump prices from the near-record highs that we see today and moderated them at the level that existed around mid-April.

As the AA Motoring Trust pointed out, the price reduction would put just under £1 million a day back into the pockets of consumers, into the bottom line of businesses and presumably into the tills of the shops and other small businesses on which many of our communities depend and on which the Chancellor depends for his tax take.

I shall quote further from the AA. Because of the 6p increase that it estimates over the past six months,

"individual motorists have seen the monthly cost of petrol for a typical privately owned car rise from £87.43 in January to £94.02 in May. In households with two cars this represents a £13.18 hit on family expenditure each month"—

that is, over and above anything that one would have expected. That is not good news for the small businesses in all our constituencies or for the Government, who rely on our collective spending power to keep their economy going.

The second element of the road fuel regulator would ensure that freezes on fuel duty are not left to the whim of the Chancellor, but are instead automatically triggered by world oil prices which are in excess of a forecast that we would have the Chancellor make in each Budget.

Helen Goodman: I am slightly puzzled by subsection (1B), which states:

"The Chancellor of the Exchequer shall publish a forecast based on the expected direction of international oil prices."

That already happens. I have found six references to the oil price forecast in the financial statement and Budget report. It is one of the forecasts that is independently audited by the National Audit Office, and it reads directly through to the forecasts for North sea revenues and for hydrocarbon fuel duties, so I do not understand why the hon. Gentleman is proposing a new obligation to make a forecast.

Stewart Hosie: We consider it important that a ranged forecast be made in order to allow the trigger mechanism for the fuel price regulator to kick in, so we thought it was important—we spoke to the Clerks about this when we drafted the new clause—that that was laid down in the new clause because it was referred to specifically by a subsequent clause. I hope that helps the hon. Lady. I must move on.

The second element of the road tax regulator would ensure that freezes on fuel duty were not left to the Chancellor, but were triggered automatically. In his Budget this year the Chancellor announced an increase in fuel duty of 1.22p in September, equivalent by coincidence to the reduction that would have happened had the fuel tax regulator been in place. Although we are delighted that that has been frozen for the time being, it should not be at the whim of Government, but should be triggered automatically by high prices in the world oil market.

Hon. Members will remember the saga from last year when the Treasury repeatedly deferred its proposed duty rise from the 2004 Budget. Motorists and hauliers were given no certainty. The decision to freeze or not to freeze

[Stewart Hosie]

seemed to be based on nothing more than the Chancellor's moods, or perhaps his political sensitivity to too-high fuel price rises. The haulage industry would much prefer certainty and an automatic trigger to what has become known as the Chancellor's choice.

Under subsection (1D) of the new clause, if oil prices rose above the forecast levels by the Chancellor in his Budget report, there would be an automatic freeze in fuel duties. In today's circumstances, that would put some £20 million a month back into the pockets of constituents and local businesses, including haulage businesses, but would not affect the forecast revenue for the Government, as it would kick in only after the forecast was breached upwards.

Helen Goodman: The oil price is particularly volatile, so how, at the time it goes up, would we make a judgment as to whether it is a spike or a structural change? That is a significant flaw in the proposals.

Stewart Hosie: The volatility is precisely the point. To avoid Governments having to scurry about freezing duty levels, the process should be automatic depending on the circumstances. I am happy to concede that there will have to be a facility to take cognisance of whether the price rise is a prolonged spike or a structural change. I accept that our new clause is not perfect, but I hope that the Government will take on board its principle. I also hope that the hon. Lady takes that answer in the spirit in which it is intended.

Helen Goodman: Is the hon. Gentleman suggesting a mechanism rather like the commodity agreements in international markets in the 1980s whereby when prices go up the duty is cut and when they go down there is a symmetrical arrangement the other way round?

Stewart Hosie: We are suggesting that when prices rise, that pays for a reduction in fuel duty, but when world oil prices rise there is a freeze on any duty rises that are planned, to help to ameliorate some of the worst consequences of such rises. It is not our intention to deny the Government any money by changing when the price goes down.

So far this year, Brent crude has touched $60 a barrel and is averaging well over $50 a barrel. In three months, the Exchequer has made almost £1 billion more than expected, and we judge that there is plenty of room in the coffers for this limited measure to give assistance to hard-pressed hauliers and motorists. It has support from the haulage industry and from several parties in the House. It is a sensible response to a genuine problem for road users, especially those who have no option but to travel to make their living or whose livelihood is in transport and haulage.

Mr. Walker: Is not the hon. Gentleman particularly concerned about the impact that fuel increases have on rural communities and people who have to use their cars to travel long distances just to go about their everyday lives?

Stewart Hosie: The hon. Gentleman must have seen my summing-up. It is no surprise that Members who back the new clause represent, by and large, rural and semi-rural constituencies. However, not only rural areas in Scotland, Wales, Northern Ireland and large parts of England are at stake. Every single product we buy in any shop or store is, to some extent, carried by hauliers by road. The implications for the industry and for the prices that we all pay for everything are affected by high fuel prices at the pump and high oil duties.

The new clause is a sensible response to a genuine problem. The first element would reinvest VAT revenues to lower fuel duties, should the price at the pump stay high for a prolonged period. The second would freeze oil duties on the basis of market conditions, not the Chancellor's whim.

Some may argue that higher fuel costs will take motorists off the road, but as I suggested earlier, the new clause would not minimise or negate any planned or managed duty rises for the purpose of environmental benefits, because it simply provides for removing or ameliorating the worst effects of spiking, prolonged spiking and high world oil prices.

I ask all hon. Members who are considering voting against the new clause—the empty Labour Benches suggest that Labour Members are in their offices—to remember the businesses and consumers in much of Scotland, Wales, Northern Ireland and large parts of England that need a haulier to get their goods to market. I ask everyone to think of hauliers whose margins are already tight, to consider transport businesses that are offshoring and going out of business, and to think of the families and consumers who do not have the option of a regular bus, train or tube service to get to work or perform the most basic task, even getting to school.

The new clause is a sensible amendment to moderate high oil prices and to mitigate prolonged rises in the price at the pump. We need a road fuel regulator to benefit the people who put us all here a few short weeks ago. I ask the Government to consider seriously at least the principle of the new clause. I hope that it can gain as much support throughout the House as it deserves.

Mr. Mark Francois (Rayleigh) (Con): I wish to respond to new clause 7 on behalf of the official Opposition. The hon. Member for Dundee, East (Stewart Hosie) introduced it succinctly. In essence, the new clause tries to establish a device for reacting to increases in the price of oil and for reducing duty automatically when certain conditions, which the amendment specifies, occur. It is an important subject for the Treasury and for taxpayers, including hauliers and motorists generally.

Duty on hydrocarbon oils raised slightly less than £23 billion in the financial year 2003–04, representing roughly 5 per cent. of total Government tax revenues in that year. According to the Library, the UK has the second highest pump price for unleaded petrol in the European Union after the Netherlands, and the highest pump price for diesel, which is clearly especially important for hauliers. The UK also has the highest taxation on petrol in the EU, with approximately 70 per cent. of the pump price of unleaded petrol being accounted for by a combination of taxes and duties.In addition, there have been further increases in world oil prices in recent months. Oil was trading last week at more than $59 a barrel. When I checked this morning,

Brent light contracts for August had opened at just over $58 a barrel. Given that VAT is part of the final price for petrol and diesel, that has brought in additional revenue to the Treasury.

In the light of that position, the Government issued a written ministerial statement only yesterday afternoon, in which they confirmed that, following sustained pressure from G8 Finance Ministers, the Organisation of Petroleum Exporting Countries is committed to increasing production quotas by up to 1 million barrels a day by September 2005. Nevertheless, the Government are abandoning their planned inflation increase in the price of main fuel duties, including petrol, which was scheduled to come into effect on 1 September this year. That was probably a fair decision. Given the current oil price, it would not have been right to proceed with a further increase at this time.

The House has to decide whether, given yesterday's decisions, it would be appropriate to accept new clause 7 as well. To decide, we must examine the elements of the new clause. We have no major objection in principle to the suggestion in proposed subsection (1B) that the Chancellor should include an annual projection of estimated trends in oil prices as part of his Budget statement. Oil is a major fuel for the world's economy and fluctuations in its price have implications beyond simply the price of road fuels, extending to air travel and important sectors of manufacturing industry.

4.30 pm

As was rightly pointed out by Labour Members earlier, the Red Book already contains a number of assumptions about future oil prices, so the Treasury has told us something of its expectations. I presume that those who tabled the new clause wanted to formalise that projection: perhaps they thought that the Chancellor could make it one of the headline projections in his statement, along with those on growth and borrowing. As I said, however, the Treasury already puts some of the information in the public domain.

Subsection (1C) proposes a mechanism whereby if the price of nominated fuels rises by more than 3p a litre over six months, the Government will scale down the increase in duty by an amount equivalent to the extra VAT that is payable on the increase. The new clause does not really make it clear how the calculation would be made or how the arrangement would operate. Would the six-month average be a rolling average, for example? The wording seems to imply that, but we would like clarification.

Subsection (1C) also does not make it clear how long the discount would last. Would the period between the 3p trigger and the coming into effect of the attendant regulations be very brief, or could the regulations be retrospective over the entire six months if necessary?The new clause says that the Chancellor must produce regulations, but it is not specific about the timing. Moreover, a brief spike in the oil price lasting for, say, a fortnight could theoretically affect the average sufficiently to trigger the mechanism. A fair amount of work and administration could be required for what constitutes a relatively small price reduction.

There is also the practical question of how people would be reimbursed, if they were reimbursed at all, for duty that they had already paid at the pump earlier in the six-month period, before the trigger kicked in. Or would the refund go to the oil companies, but not to the motorists or hauliers?

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): In my rural constituency, I represent many market gardeners, farmers and road hauliers who must battle adverse weather conditions as well as adverse pump prices. The new clause seems to involve a great deal of uncertainty, whereas what those people need is more certainty.

Mr. Francois: One or two road hauliers are active in my county of Essex and there are a number of farmers in my constituency. I think that we understand the spirit of what has been attempted in the new clause, but we are here to make law, and the law that we make must be operable. Part of the problem with subsection (1C) is that it is almost too complicated for its own good.

Mr. Nigel Dodds (Belfast, North) (DUP): The hon. Gentleman has drawn attention to difficulties in the specific terms of the new clause, but what is his party's view on the general principle—what the hon. Member for Dundee, East (Stewart Hosie) suggested was the spirit of the proposal?

Mr. Francois: I shall make our position fairly clear towards the end of my speech. I understand the hon. Gentleman's question, but I hope that he can be patient. Incidentally, we find it interesting that the new clause was tabled both by parties that are fierce defenders of the Union and by parties that are not so keen on it.

Subsection (1D) contains a potentially more powerful measure. It proposes that whenever international oil prices rise above the level estimated in the Budget—the formalised estimate proposed in subsection (1B)—indexed duty increases should be frozen until prices return to the forecast level. There are practical problems with that as well. First, there is the technical but nevertheless important question of how international oil prices will be defined for the operation of the clause. Will the definition depend on Brent light, West Texas intermediate, Dubai or some other representative basket of oil prices? If one is putting into law a trigger that affects the payment of duty, it is important to be clear on exactly the circumstances under which that duty would operate. I do not mean to steal the Financial Secretary's thunder, but I would not be surprised, as he is a Treasury Minister, if he had a similar view of those matters.

Mr. Alex Salmond (Banff and Buchan) (SNP): Will the hon. Gentleman give way?

Mr. Francois: In a moment.

Moreover, the adoption of new clause 7 as drafted—again, assuming that there is a formalised statement by the Chancellor—would provide an obvious incentive for a Chancellor to err on the side of caution in his supposed annual forecast of the likely oil price, no doubt mindful of seeking to protect revenue against the potential kicking-in of subsection (1D) over the course of the year in question. In theory, if the Chancellor must project for 12 months, he could reasonably be expected to make a

[Mr. Francois]

conservative estimate of what that figure could be, because if subsection (1D) kicked in, the effect on the overall figures in the Red Book could be substantial.

Mr. Salmond: The hon. Gentleman made what he described as an important point about which crude would be the benchmark. He has already pointed out, however, that the Treasury makes a forecast of oil prices. Did his researches carry him as far as knowing on which crude that forecast is currently based?

Mr. Francois: The hon. Gentleman's party was among those that put forward the amendment and it is not my duty to explain his amendment to him, but his party's duty to explain it to the House. If I might say so, it could have done a better job of it.

Mr. Salmond: Will the hon. Gentleman give way?

Mr. Francois: No.

We can see what the minor parties have been trying to achieve, but the mechanism, especially in subsection (1C), appears to be complicated in its potential implementation. We accept that high fuel prices pose a genuine problem—I am trying to answer the question of the hon. Member for Belfast, North (Mr. Dodds)—and that that is in large part because of the substantial proportion of duty that the United Kingdom pays, which is the highest in the EU.

Mr. Newmark: While I very much agree with the hon. Member for Dundee, East (Stewart Hosie) that we all have tremendous sympathy with road hauliers, of whom I have several in my constituency, all of us have motorists in our constituency. A bigger concern to motorists might be the Sustainable Development Commission with its plan to raise vehicle excise duties from £165 to £900 to £1,500 for the average family car. Strangely, that was not published until after the general election. Does my hon. Friend agree that that is a much bigger concern?

Madam Deputy Speaker (Sylvia Heal): Order. A bigger concern that might be, but I am afraid that it is wide of the new clause that we are discussing.

Mr. Francois: I do not mean to challenge you for one moment, Madam Deputy Speaker, but it is always nice to see a fellow Essex Member of Parliament chipping in to these debates.

We can see what the minor parties were seeking to achieve, and we acknowledge that high fuel prices pose a particular problem, which is caused mainly by the high level of duty.

Helen Goodman: Did the hon. Gentleman hear the thoughtful speech by his right hon. Friend the Member for West Dorset (Mr. Letwin) last week on climate change, in which he suggested that in order for political parties to stop using fuel prices and other issues as a political football, such decisions should be neutralised by the setting up of an independent authority? What the hon. Gentleman is saying this afternoon does not seem wholly consistent with what his right hon. Friend was saying last week.

Mr. Francois: You have already chided the House, Madam Deputy Speaker, for straying slightly wide of the mark. Mindful of that, I think that I can say that the hon. Lady will be aware that there is a lively debate in the environmental community about climate change, nuclear power and other issues. As I hope she will appreciate, I am attempting to focus on the specific point about the value of duty and on exactly what is proposed in the new clause.

To summarise, we can see what the minor parties were trying to do, and we appreciate that there is a real issue with the level of duty, but the mechanism in the new clause, especially in subsection (1C), appears to be very complicated to implement. We therefore believe on balance that, unless there were a sudden massive external shock, rather than building the specific mechanism in the new clause it would be more appropriate to continue to monitor the oil price closely and take decisions on duty as part of the budgetary process in the normal way, as the Government did with their announcement yesterday. On that basis, we are unlikely to be able to support the amendment if it is pressed.

Chris Huhne: We approach the new clause with much sympathy with its objectives, but like the hon. Member for Rayleigh (Mr. Francois), we are somewhat sceptical about the practicalities. The proposals seem principally motivated by a certain playing to the public gallery, not least because the new clause calls for the publication of something that, to my certain knowledge, has been a regular part of every Red Book for many years. I must point out to the hon. Member for Dundee, East (Stewart Hosie) that he will find a fairly extensive discussion of the Chancellor's forecast in paragraph C49 on page 252 of the Red Book—and, indeed, a prediction by the Chancellor:

> "Oil prices are expected to average $40.6 a barrel in 2005, in line with the average of independent forecasts."

That is, of course, an assumption audited by the National Audit Office.

Mr. Salmond: Yes, but it is not a statutory obligation, and if we are proposing a statutory new clause to do something we cannot leave it to the discretion of the Chancellor whether he does or does not publish a forecast. Does the hon. Gentleman now understand why the requirement has to be in the new clause?

Chris Huhne: I am grateful for that clarification, but it would be very odd if the new clause required the Chancellor to do something if it were not implicit that he is already doing it, and the forecast is already there. I am not sure that we need the belt-and-braces approach that the hon. Gentleman suggests.

Mr. Salmond: I am sure that the hon. Gentleman is not presuming to know more about the drafting of new clauses than is available to all Members through the excellent expertise of the Clerks of the House. Or does he think that he knows more than them?

Chris Huhne: I am sure that I would defer to the Clerks in that matter—but I come back to the point that

nowhere in the presentation by the hon. Member for Dundee, East or in what was said by the hon. Member for Banff and Buchan (Mr. Salmond) has there been any awareness that the information is regularly published; certainly, neither of them drew attention to the fact in much detail.

Mr. Francois: I would like to put on the record the fact that, as the hon. Member for Banff and Buchan (Mr. Salmond), with all his experience, will be well aware, we are lucky enough to have excellent Clerks in this place and they will always provide advice, including technical advice, on amendments. However, the responsibility for the amendment finally tabled is that of the Members who table it, not that of the Clerks. I hope that the hon. Gentleman will remember that.

Chris Huhne: I am grateful to the hon. Gentleman for making that point, as I am a new Member and certainly would not want to get the wrong side of the Clerks; in my experience, they have been extremely helpful with our drafting.

The more fundamental point that I wanted to make concerned not the forecast but the fact, which I think gives a hint of the populist nature of the new clause, that no mechanism is proposed for unwinding—

Mr. Walker: I hold no brief for the Scottish National party, but it was a bit unfair to call its new clause opportunistic. The road haulage industry is in crisis. Not only do our hauliers have to contend with very high fuel prices, but they are being priced off European roads. There is also a massive driver shortage because the thresholds and costs of becoming a heavy goods vehicle or large goods vehicle driver has increased dramatically over the past three years. I believe that the industry's concerns are genuine.

Chris Huhne: I thank the hon. Gentleman for that intervention, but I did not say opportunistic—I said populist, and I was about to explain why. The hon. Member for Bishop Auckland (Helen Goodman) earlier questioned whether the new clause was designed as a proposal to smooth particular changes in world oil markets. If so, it seems to me that it would be intellectually reputable and, perhaps with rather more detailed work on the drafting, it might command a substantial measure of support in the House. However, the reality is that the proposal operates only in one direction.

4.45 pm

The question of whether we are dealing with a substantial secular change in the trend rather than a cyclical spike was asked earlier, but it was not answered and it really must be addressed. As I said, Liberal Democrat Members are sympathetic to the objectives, particularly in view of the problems of rural areas and of road hauliers. I am sure that the hon. Member for Banff and Buchan, with his expertise as an economist in the financial sector, will warm to another important objective—macro-economic stability. I remember, as will he, the period between 1979 and 1981 when there was an oil price spike. The Conservative Government of the day substantially aggravated matters on the inflationary front and through the reduction of effective demand by doubling value added tax, thereby creating a far worse shock to the economy than was visited by the increase in oil prices itself. That shows the need for a wider debate.

As I say, I am sympathetic to the objectives and would not be at all surprised if Labour Members were, too, particularly on account of macro-economic stability. We must remember that, broadly speaking, the UK is in net balance on its oil account, so there is not the same need for a terms of trade change as there would be if we were a substantial net importer of oil. For all those reasons, I am sympathetic to the new clause, but I think that the practical issues remain substantial. It would be sensible to see how the proposal unwinds as well as the plus point of taking an increase off a particular spike.

My party is deeply concerned—as, I hope, is the Scottish National party, particularly in a week when the G8 leaders are meeting at Gleneagles—about the prospect of global warming and the need to maintain pressure over time for a gradual shift, which must not be too extreme, towards fuels and means of propulsion that do not have substantially damaging effects on the environment.

Mr. Mike Weir (Angus) (SNP): What the hon. Gentleman says about global warming is fine, but can he tell us the time scale? I represent a large rural constituency that, apart from one rail link on the coast, does not have any transport other than road. My constituents rely on rural transport, and rural businesses—whether coming in or out of the area—are suffering because of high fuel prices. If something is not done to help them now, they will not be here in 10 years time.

Chris Huhne: As I have said, I am completely sympathetic to the problems of road hauliers and other motorists in present circumstances. My party has set out various proposals for alleviating that difficulty, but I am dealing now with the specifics of the new clause and I have to say that, for the reasons that I have set out as a matter of principle and that the hon. Member for Rayleigh has provided as a matter of practicality, it will not deliver the objectives that we may well hold in common. I fear, therefore, that we cannot support new clause 7 because it has not been thought through in such a way as to deliver the objectives that we agree are necessary.

I am conscious of the need to move on, so I shall sum up by saying that if, in further conversations with the hon. Member for Banff and Buchan and his party, we can develop a proposal that would smooth matters and preserve the pressure to deal with the overwhelming problem of global warming, we should do so. However, I am afraid that this new clause does not do that.

Mr. Salmond: I am amazed by some of the contributions that we have just heard. I should say to the other Opposition parties that it is normal to allow the Financial Secretary to point out the defects in amendments and new clauses. That is what Ministers do, and they do it, incidentally, in response to Conservative and Liberal Democrat amendments. What is less clear is why the Conservative and Liberal Democrat spokespeople should spend their time on this

[Mr. Salmond]

matter, rather than confronting the essence of the issue. Perhaps the time spent in opposition has made them long to be on the Treasury Bench and, as a result, they have to take on some of the arguments that the Treasury put forward, rather than looking at the issue that concerns our constituents.

The Opposition's job is to make proposals in an effort to represent their constituents. The job of Opposition and constituency Members is to look for problems in our constituencies, and to try to do something about them. I should point out to the Conservative Front-Bench spokesman in particular that although my colleagues in the Democratic Unionist party and I do not agree on the future constitutional make-up of the United Kingdom, we do agree on the issue of serving our constituents. We are well aware that many of our constituents in Scotland and Northern Ireland have similar problems—as, indeed, they do in Wales and in many rural parts of England. I should point out to all Members of this House that in tabling and discussing amendments, it would be rather better to concentrate on their constituents' interests, instead of trying to make foolish debating points.

None of us is entirely clear whether the Conservatives are, in principle, in favour of our proposal, but it did not seem that way to judge by some of their Back Benchers' interventions. I am worried about the practical question of whether the principle behind the proposal also bothers them; more clarification on that point might be useful. Incidentally, the answer to the question that I asked the hon. Member for Rayleigh (Mr. Francois) is Brent "light". I do not think it a hugely significant problem to set a marker crude. Many of us have known about these matters for years, and it is as well before making pernickety points to be fully familiar with the subject that one is trying to debate.

Mr. Walker: I simply wanted to point out that I have some sympathy with the hon. Gentleman's concern for the haulage industry, of which I have had some experience in the past 10 years.

Mr. Salmond: I am prepared to exempt the hon. Gentleman entirely from my strictures. In fact, I was about to move on to a joint target of ours on the Liberal Democrat Front Bench.

To be accused of playing to the gallery by a political party that has specialised in putting the "moan" into sanctimony is absolutely extraordinary; as if the Liberal Democrats do not play to a political gallery! The only difference between the Scottish National Party and other parties supporting this new clause and the Liberal Democrats is that they play to different political galleries simultaneously in various parts of the country. So I advise them to try to found their opposition on something a bit more substantial than accusing their political opponents of playing to a political gallery.

Chris Huhne: Will the hon. Gentleman therefore describe how the proposed arrangements in the new clause would be unwound? What would happen if the price went in the other direction?

Mr. Salmond: The new clause is about windfall gains and VAT. If the price is dropping, there are no windfall gains, so the new clause is not triggered. It is a one-way, modulating, smoothing clause.

I forsake the Liberal Democrats in order to take on a trite point from Labour Members about whether a forecast already exists in the Red Book. Yes, we know that there is a forecast—I have been debating it for many years with successive Chancellors of the Exchequer. But if a statutory mechanism is proposed, that forecast has to be in statute. If the Chancellor decided for some reason not to make the forecast, the rest of the provision would fall as a result. That is a reasonably obvious point. I know that the hon. Member for Eastleigh (Chris Huhne) is new to the House. If he ever makes a proposal similar to this one, he will find that he will also have to put the dependent mechanism into statute.

As has been said, the UK has the highest fuel taxes in Europe, especially for derv. For a variety of technical reasons to do with refineries, the price of derv is rising faster than the price of petrol in the oil market. The situation is very serious.

My hon. Friend the Member for Angus (Mr. Weir) said that his constituency has one rail line. Mine has none: there is not one metre of railway in Banff and Buchan, so there is no alternative to road haulage for the transport of goods to market. The high price of derv is very serious because it means that the percentage of goods being moved by UK hauliers is falling like a stone, as they cannot compete with their counterparts in other European countries. As my hon. Friend the Member for Dundee, East (Stewart Hosie) said, the number of bankruptcies in the haulage and transport industries is rising exponentially.

I have here a graph that explains the reality, and why the Scottish Nationalist, Plaid Cymru, Democratic Unionist and Ulster Unionist parties support this new clause. The highest fuel prices in this so-called "united" kingdom obtain in Northern Ireland, the highlands and islands of Scotland, rural Wales and parts of rural England. That is why we are pleading with the Government that something must be done.

The new clause is about windfall gains. The Red Book forecast an oil price of $40 a barrel. It estimated oil revenues from corporation tax and petroleum revenue tax at about $6 billion. The average price of Brent light so far this year has been $55 a barrel. The House of Commons Library puts the windfall gain for the Chancellor at £5 billion, if the price rise is maintained throughout the financial year.

The Chancellor has decided to forgo an increase in the fuel duty, at a cost of about £200 million. The additional mechanism suggested in the new clause would cost another £200 million, and be offset by the increase in VAT revenues. This new clause would have a modulating or smoothing effect. It asks the Treasury to give back a tiny proportion of its windfall gains from high oil prices to help hard-pressed people in our constituencies.

I have known the Financial Secretary for some years; he is one of the Government's more successful and able Ministers, and he has a lively and inventive mind.

John Bercow (Buckingham) (Con): That may ruin him.

Mr. Salmond: I hope that my high praise does not cast a pall over the Financial Secretary's political prospects. He carries out his role well, but it must be depressing for

him always to be asked to display his formidable intellectual powers defending various tax-raising mechanisms. That is what he has done over most of his illustrious political career, but the new clause gives him an opportunity to put his subtlety, inventiveness and powers of persuasion to another use.

Our proposal offers a mechanism for which I know the Financial Secretary has been searching. The proposed modulator or smoothing-out mechanism would enable him to use a tiny proportion of the Treasury's windfall gains to help hard-pressed business and constituents in this country's rural areas.

5 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): It is always a pleasure, and sometimes a challenge, to follow my hon. Friend the Member for Banff and Buchan (Mr. Salmond). The hon. Member for Rayleigh (Mr. Francois) referred to political co-operation across the islands and across differences of opinion on the constitutional future. Certainly, my constituents—farmers, hauliers and others—would be interested in the unholy alliance that is developing between the Front Benchers of the three main UK parties. The minority parties are proud to stand up for the interests of their constituents on this matter because of the crisis facing the haulage sector, which is of vital strategic importance in my area of Wales and in the constituencies of my hon. Friends.

The haulage industry had another disappointment yesterday with the announcement that we would not have the distance-based road tax scheme that it has been promised and that would have helped to overcome some of the competitive disadvantages that the sector faces in competition with foreign hauliers. We need action on behalf of the haulage industry, because it is going to the wall in west Wales and parts of Scotland, Northern Ireland and, indeed, England.

As we have heard, west Wales and the highlands and islands of Scotland have some of the highest petrol and diesel prices in Europe. In many areas, £1 a litre will soon be the norm, and we do not have the derogations from duty that are practised in some EU states. That is why we need some protection, and all that we are asking for in the new clause is a cap to provide some protection from the volatility of the international markets. Or will we allow the international oil markets to decide the fate of hauliers and other key sectors in our constituencies? That is not acceptable.

I read the Financial Secretary's comments yesterday that the delay in the increase in fuel duty was caused by short-term volatility, but that is exactly what he said two years ago. When does short-term volatility become a constant feature of oil prices? That volatility has many causes—the increase in demand from China and problems of supply. There is an interesting debate about peak oil, and some are pessimistic and others optimistic about the oil reserves. The new oil reserves peaked in 1960, so discovery of oil reserves has declined. Volatility will be a long-term feature of the oil market and prices.

Oil now costs some $60 a barrel, which is three times the $20 a barrel average of the past two decades. Some people talk of the possibility of a cold winter in the northern hemisphere pushing it up to $70 or $80 a barrel. Will we provide no protection for consumers and businesses in our markets? We need a smoothing mechanism, as the hon. Member for Eastleigh (Chris Huhne) suggested, so that instead of disruption and chaos we have a managed target price, set by the Chancellor. We should not allow a windfall tax to put onerous pressure on businesses and customers.

The issue will not go away. Non-OPEC oil production will peak at some time in the next 10 years and then most of the world's oil reserves will be controlled by a small number of countries whose Governments are unstable and corrupt—I obviously do not mean Scotland. As we shift from a hydrocarbon economy to a new energy economy, we need to create a mechanism to manage that transition. We need a managed approach to our current reliance on oil, and the new clause presents a possible way forward.

The Government need to act now. Instead of having a series of announcements about delays, let us have a regulated approach that will provide fairness, transparency and justice for consumers and businesses across the UK.

Mr. Alan Reid (Argyll and Bute) (LD): High oil prices are clearly causing a serious problem in rural areas, especially in the islands where the price of petrol at the pumps is horrendous. Unfortunately, however, I do not think that the new clause will tackle the problem. When the hon. Member for Dundee, East (Stewart Hosie) proposed it, he admitted that it was less than perfect. I think that was SNP speak for "It won't actually work"—*[Interruption.]* The hon. Member for Banff and Buchan (Mr. Salmond) asks what is our alternative? It would be to move away from taxes on fuel to a system of road pricing, with higher charges for urban motorways and very small charges for rural roads, especially in the islands, but I suspect, Madam Deputy Speaker, that if I started to explain our future transport policy, you would quickly rule me out of order and ask me to concentrate on the new clause.

Mr. Salmond: I must have missed that amendment during our proceedings on the Finance Bill. If that is the Liberal Democrat proposal, it should have appeared as an amendment to a suitable clause in the Bill. We could then have had great fun asking a variety of questions about its technical aspects. If the hon. Gentleman believes that there are fewer technical aspects in what he has just described than in our new clause, I look forward to that debate with great interest.

Mr. Reid *rose—*

Chris Huhne: May I intervene on a point which, unfortunately, I had to learn the hard way? The hon. Member for Banff and Buchan (Mr. Salmond) may not yet have spent enough time in the Standing Committee on the Finance Bill, or in any other part of the debate on the Bill, to learn that, for reasons that have been lost in the mists of time, it is the procedure of the House that if one produces an amendment that raises revenue as opposed to reducing it, it is not selectable for debate, as I found out. So, I advertise the fact that we proposed a nice pert little amendment designed to close a loophole that Treasury Ministers opened up in the Finance Act 2004—

Madam Deputy Speaker: Order. That is really rather a lengthy intervention and I suggest that we return to the new clause under discussion.

Mr. Reid: I thank my hon. Friend the Member for Eastleigh (Chris Huhne) for his useful intervention.

The new clause has three subsections. As has already been pointed out, the Chancellor of the Exchequer already carries out the provisions under (1B). In relation to (1D), this year, the Chancellor sensibly decided not to implement further plans to increase fuel duty. That simply leaves (1C), which is—

Stewart Hosie: The argument was that there should be an automatic trigger and that any freeze should not be on the whim of the Chancellor. Is the hon. Gentleman happy that decisions to freeze duty levels are at the whim of a politician, rather than triggered automatically to meet specific circumstances?

Mr. Reid: The problem is that the hon. Gentleman has tried to word the new clause so that it covers all circumstances, but he has failed. The new clause is unworkable. It would be much more sensible to have flexibility, so that the Chancellor can act, I hope sensibly—*[Interruption.]* If it were a Liberal Democrat Chancellor, he would act sensibly. Scottish National party Members are trying to use wording that will cover every possible eventuality, which is difficult, and they have failed.

Mr. Salmond: If the Chancellor, in his infinite wisdom, had decided to raise duty, where would the hon. Gentleman's argument lie? Would he tell people to vote Liberal Democrat at the next election?

Mr. Reid: I support the Chancellor's decision not to increase fuel duty.

Under proposed new subsection (1C), if oil prices were to rise, we would have to wait for six months, during which people would pay the higher rate of duty. Under the new clause, a small cut would be made in fuel duty; but, of course, that cut could not be refunded retrospectively to the motorists who had paid the higher rate of fuel duty. We know that oil prices fluctuate. Oil prices could rise rapidly, thus triggering the six-month wait to cut fuel duty, but oil prices could then fall and motorists would pay the lower rate of fuel duty until the next Budget, thereby causing a loss of revenue to the Exchequer.

The new clause is simply impractical, as the hon. Member for Dundee, East admitted in moving the motion. We clearly have a serious problem. In the short term, the answer is for the Chancellor to act sensibly and not to increase fuel duty. In the long term, the answer is to move to a system of road pricing, with higher prices for urban roads and motorways and lower prices for rural roads.

Mr. Weir: I am astonished at the contributions from Tory and Liberal Members. I am sure that the electors of Argyll will be very interested to read the speech made by the hon. Member for Argyll and Bute (Mr. Reid). The hon. Member for Eastleigh (Chris Huhne) says that he would have tabled an amendment if it had not been for the rules of the House. That just goes to show that the SNP and our colleagues are much more ingenious in finding a way forward than Liberal Members. Our proposal may be less than perfect, but theirs is less than visible.

Chris Huhne: The hon. Gentleman has missed the point that his proposal involves a substantial cut in Government revenues with no symmetrical obligation in other circumstances where it would be unwound. He has not specified the circumstances in which that would occur. If he tried to do so, the amendment would probably be ruled out of order and not selected for debate.

Mr. Weir: As usual, the hon. Gentleman disguises Liberal inactivity with some weird justification for not doing anything. The new clause is a real attempt to do something for our rural communities. I represent a largely rural constituency and the hon. Member for Broxbourne (Mr. Walker) made the twin point about green issues and saving rural communities. The crux of the matter is that those issues must be balanced. The problem with using fuel price for green reasons is that it is a blunt instrument—a one-size-fits-all policy that does not cover rural areas in the way that it can perhaps cover urban areas. Our rural communities and businesses are suffering now—they cannot wait for 10 or 15 years until we work out the environmental consequences. We must do something now.

Mr. Walker: Does the hon. Gentleman agree that the Liberal Democrats' desire to introduce road pricing as a means to resolve this issue is at least 15 to 20 years away, according to the Government, so it will not address the current problems that he alludes to?

Mr. Weir: The hon. Gentleman is being optimistic, since the Liberals opposed such a policy in Edinburgh, and I understand that the Conservatives oppose the extension to the congestion charge in London as well. I would be surprised if congestion charging—

Madam Deputy Speaker: Order. Congestion charges are far wide of the new clause, to which the hon. Gentleman should address his comments.

Mr. Weir: I take your strictures, Madam Deputy Speaker. The Liberals are playing to the gallery in Edinburgh, as usual, but we are trying to do something for rural businesses.

Mr. Reid: Will the hon. Gentleman give way?

Mr. Weir: No, I have given way enough.

I made the point in an earlier intervention that we are dealing with rural businesses and economies. In my constituency, there are many hauliers which transport goods in and out of the area. As I said earlier, there is one rail line that goes up the coast. Theoretically, we could get goods to Arbroath or Montrose by rail, but we must still use the roads to get them from there to all the other communities in the constituency. There is no rail line up Glen Esk, Glen Isla or any of the other glens of Angus. They were all "Beeching-ed" many years ago by previous Governments. Road transport is necessary to get goods in, and the price of everything that comes into my constituency is affected by the price of fuel.

5.15 pm

Crucially, the price of everything that goes out of my constituency is also affected by the price of fuel. Manufacturing and other industries in Angus need to transport their goods to market and transport is one of their biggest costs. That is also true of industries in Northern Ireland, Wales and many parts of England. Something needs to be done to deal with the cost to industry in rural areas or we will see a leakage of those industries from rural areas to the conurbations.

One problem is that hauliers have entered into long-term contracts with major producers—many of them are food producers in my constituency—so that the goods can be hauled to market or, as is more appropriate in many cases, to the central distribution warehouses for the major supermarkets. The hauliers have to set a price for a considerable period ahead. When they do not know what the price of fuel will be next week, never mind next year, it is difficult to set a contract price for the long term. Some of them have managed to set a sliding scale in the contracts because of the good will of their customers, but the effect is slight because no one can give away too big a change in margins.

The whole point behind the fuel duty regulator as proposed by my hon. Friend the Member for Dundee, East (Stewart Hosie) is that it would provide certainty over a period. Businesses could plan ahead and know what the fuel price would be for a set period. We would not face the sudden spikes that are so dangerous to the haulage industry and others in my constituency.

Mr. Reid: The hon. Gentleman says that hauliers want certainty but, under proposed new subsection (1C), anything could happen for the first six months.

Mr. Weir: The whole point is to smooth the price increases. The hon. Gentleman obviously does not understand the proposal, but there is no proposal from the Liberals. This is the only proposal before us that does something now. I should have thought that he would have been interested in doing something for the rural areas of Scotland and Argyll. My hon. Friend the Member for Na h-Eileanan an Iar (Mr. MacNeil) tells me that fuel now costs £1 a litre in the Western Isles. What does that do to industry? The situation must be the same in Argyll, and I am surprised that the hon. Gentleman is not supporting us. Perhaps I should not be, knowing the Liberals.

The new clause is a genuine attempt to try to have some certainty for the foreseeable future and to let businesses flourish by letting them know what their costs will be. If we do not accept this or something similar, more and more businesses will go under and they will not only be haulage businesses. Many other businesses in rural areas will be affected. There have already been closures in these areas, as firms concentrate their factories near the centres of population. All of us could give examples of small firms in our constituencies that have fallen victim as employers concentrate their activities near the major markets or the bigger cities.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Perhaps not in Argyll.

Mr. Weir: I am sure that there are some in Argyll, but the hon. Member for Argyll and Bute will keep quiet about them.

I ask Members to support the new clause. It is a real attempt to do something about a serious problem that particularly afflicts rural areas throughout the United Kingdom. It has already been said that the Democratic Unionists, the Scottish National party, Plaid Cymru and all the other Northern Ireland parties have come together on this issue, because it seriously affects us. Possibly the only thing that we agree on is the fact that our rural communities are suffering.

John Healey: We have had an interesting debate. *[Interruption.]* The hon. Member for Rayleigh (Mr. Francois) tells me to summarise it.

I congratulate the hon. Member for Dundee, East (Stewart Hosie) on initiating the debate and welcome his involvement in Finance Bill proceedings in moving the new clause. We can certainly find a place for him on the Standing Committee considering next year's Bill if he feels that he is developing an appetite for our debates.

As the hon. Gentleman listed the small Opposition parties that support the new clause, he included the Road Haulage Association. I know that the association has been interested in such a mechanism for some time and I have regular discussions with Roger King, so I know about the pressures that the industry faces. Indeed, I discussed our decision on the lorry road user charge with him last night.

The hon. Member for Carmarthen, East and Dinefwr (Adam Price) was wrong to say that hauliers will not get a distance-based road charge. We announced yesterday that our plans for lorry road charging will be taken forward as part of the Government's overall work on national road pricing so that we can work towards a single, comprehensive and cost-effective system. The haulage industry has contributed to the process and has worked closely with us, especially on technology and some of the tests that we have run. We have examined the experience of introducing similar systems in other European countries, which has led to us being stronger in our conviction that a distance-based charge represents the right approach and that such a system would be workable.

Susan Kramer: Does the Minister accept that the road haulage industry was banking on the scheme being in place by about 2008 so that charges could be evened up? The fact that the scheme has disappeared, and that the industry has been told that it will have to wait until 2020 before it can have any hope of alleviation, drives many of the passions expressed today.

John Healey: The hon. Lady has only just joined our debate on new clause 7. Leaders such as Roger King and Richard Tuner of the Freight Transport Association have taken a constructive approach. Although they have been critical at times, they have supported the principle behind the approach that we are taking and will continue to take. However, it is a tribute to the two of them that all the members of their associations have not always taken the same view.

Adam Price: The Financial Secretary says that those people have taken a constructive approach, but Richard Turner, the chief executive of the FTA, was quoted this

[Adam Price]

morning as saying that the Government's decision was reprehensible and broke faith with what the industry had been told over the past five years.

John Healey: We announced yesterday that we remain convinced that a distance-based charge is the right way ahead, but it makes no sense to develop a system only for lorries when it is clear that the debate on national road pricing has moved on significantly since the last election. We thus announced that we would incorporate work on a lorry road user charge in our work on a national road pricing system.

The hon. Member for Rayleigh reminded the House that I announced yesterday that the Government will not go ahead with the planned inflation-only increase of 1.22 p per litre on road fuel duty on 1 September, which will also apply to duties on rebated oils, biofuels and road fuel gases. We will review the position again at the time of the pre-Budget report. I welcome the fact that he described the decision as fair, although that did not seem to be the view of all his colleagues. The hon. Member for Broxbourne (Mr. Walker) advocated higher fuel duty and prices to discourage demand and reduce emissions from road traffic, which was his concern.

While we are on hon. Members' views on taxation, I tell the hon. Member for Braintree (Mr. Newmark) that the Sustainable Development Commission has a valuable role of advising the Government. However, just so he is clear, I should point out that it is the Chancellor, not the commission, who makes policy and decisions on tax.

Mr. Walker: I would hate the Minister and my constituents to think that I advocate higher taxes. I suggested that there were two sides to every argument. I know that the Scottish National party is keen to reduce greenhouse gas emissions, and I said that that was not consistent with its desire to cap the taxation on fuel.

John Healey: No doubt the hon. Gentleman's hon. Friends and his constituents will read the *Official Report* tomorrow and see what he said earlier.

The decision that I announced yesterday was not based on the Chancellor's whim, as the hon. Member for Dundee, East suggested. Following sustained pressure from G8 Finance Ministers, OPEC is committed to increasing quotas by up to 1 million barrels a day by September. In the short term, however, uncertainty and the risk of price volatility remain high, especially so with oil trading last week at above $59 a barrel. By the time of the pre-Budget report, it is likely that there will be more clarity about OPEC and non-OPEC supply, levels of global demand for oil and the level of crude and product stocks ahead of the peak winter demand. I hope that hon. Members on both sides of the House accept that it is in no one's interests to have fuel prices higher than expected or higher than they need to be.

The best way to deal with high international prices is not by imposing complex mechanisms that respond to what may prove to be temporary fluctuations in prices, but through the efforts that we are making to support producing and consuming nations to promote greater market transparency and to improve the investment climate in the international oil sector, which will help to bring about more stable oil prices at levels that are more conducive to sustainable economic growth.

Mr. Salmond: Has the Treasury examined the idea of having a regulator or governor as part of the process of smoothing out the fluctuations?

John Healey: We have, not least because the Scottish National party tried to table similar amendments to other Finance Bills. When such amendments are proposed, we consider the policy proposals and make our analysis of those.

The hon. Member for Eastleigh (Chris Huhne) mentioned sustainable economic growth. He said that, from an intellectual perspective, he was sympathetic to the approach in the new clause and was interested in the proposal, in the interests of greater economic stability, if it helped to smooth oil prices. We both got the clear answer to that when the hon. Member for Banff and Buchan (Mr. Salmond) said that it is a "one-way clause." My assessment of it is the same as that of the hon. Member for Eastleigh, in that it would not have that smoothing and stabilising effect.

If the new clause were accepted, it would introduce mechanisms that could lead to duty reductions when pump prices rose significantly in a six-month period and it would freeze duty increases when international oil markets were high. The effect of the pump price-related proposed new subsection (1C) on the price that the average motorist pays for a litre of fuel would be small. If the price of petrol rose at the pumps from 85p a litre to 88p a litre—a rise of 3p—the new clause would reduce the duty rate for petrol by just 0.525p a litre, not, as the hon. Member for Dundee, East argued, by a value roughly equivalent to the freeze that I announced of 1.22p a litre. Yesterday's announcement to postpone further the planned inflation increase in the fuel duty rate would do more now, which the hon. Member for Angus (Mr. Weir) advocated, than the new clause.

The mechanism is unnecessarily complex. It would do nothing to bring stability to the market in the UK. Indeed, it is unlikely that consumers would see all the benefit—modest though it is—of its operation. Despite being the Minister, and not an Opposition spokesman, I shall not dwell on the technical deficiencies of the drafting of the provision.

5.30 pm

A second mechanism, whereby higher international oil market prices would trigger a freeze in duty increases, would result in expensive changes to road fuel duty and VAT systems both for people who have to account for the tax that they are due to pay and for the Government trying to collect it. The burden is likely to be heaviest for people who are minor oil users and dealers. Finally, the new clause is based on the misconception that high fuel prices lead to higher overall VAT receipts. That is not necessarily the case. If people have to spend more on one commodity they tend to spend less on others, and the overall level of VAT receipts usually remains relatively unchanged. The hon. Member for Dundee, East may be interested in the latest assessment by our analysts, who estimate that a 5p a litre increase in pump prices will result in higher VAT receipts of about £290 million in

the current year. The resulting reduction in demand, however, will lead to lower duty revenue of about £500 million. High oil prices—I have debated this point with the hon. Member for Banff and Buchan a number of times—have a complex impact on public finances, economic activity and Government expenditure commitments. Windfall gains do not, as he claims, necessarily come to the Treasury as a result of rising oil prices.

Mr. Salmond: As I have told the Financial Secretary before, if the Treasury truly believed that argument, it would reduce duty to increase the VAT take. Are those the same Treasury analysts who forecast oil revenues this year of £6 billion, and is he confident that that is an accurate forecast?

John Healey: There has been slight confusion in the debate. Earlier, Members were discussing forecasts of the oil price. The Government publish an assumption about the oil price in the Budget and in the pre-Budget report. In the Budget, it was $40.6 a barrel. That assumption is based on the average of the independent forecasts—it is not our forecast. We publish it, because we need an assumption for the purposes of public finance planning. The hon. Gentleman must wait until the pre-Budget report. He has been in the House long enough to know that we make our revenue forecasts twice a year in the Budget and in the pre-Budget report.

In claiming that the new clause will bring benefits for business, the hon. Member for Dundee, East may have overlooked the fact that many businesses, particularly the 1.8 million VAT-registered businesses, can reclaim the VAT incurred when they buy fuel for business journeys. The level of VAT that they pay at the pumps has little or no effect on their overall balance sheet. For those reasons, we believe that the best way of dealing with high oil prices is to work with oil-producing countries and through the G8 Finance Ministers to stabilise the volatility in the oil market and to improve its functioning rather than simply focus on short-term changes to levels of duty by introducing a road fuel regulator, as proposed in the new clause.

I hope that the hon. Gentleman accepts that we have had a useful debate and, on that basis, does not believe that he has to press his new clause to a vote. If he does so, however, I will urge my hon. Friends to resist it.

Stewart Hosie: I thank the Financial Secretary for his reasoned and reasonable response. His point about reclaiming VAT is quite correct, but a large part of the tax taken on any increase in fuel at the pump is duty, so his argument holds water only to a certain extent. I was intrigued by his suggestion that the published forecast was an average of all the independent forecasts, not a Government one. He may be aware that in economic forecasting all 41 of the independent forecasters are suggesting a growth rate less than that suggested by the Government, but the Government have not downgraded their forecast as they have done for oil.

John Healey: The hon. Gentleman will be aware that the Treasury's recent record of forecasting on economic conditions and growth is a good deal better than that of the independent forecasters.

Stewart Hosie: It would be churlish not to recognise that.

The Financial Secretary recognised the difficulties faced by the Road Haulage Association, and I welcome that.

The hon. Member for Rayleigh (Mr. Francois) said, rightly, that the UK had the second highest pump price for petrol, the highest price for diesel and the highest level of combined tax. On the questions that he asked—yes, it would be a rolling six-month average before the trigger kicked in. The discount would take effect until the average petrol price again reduced to within the trigger level, which is 3p above—I will explain this in more detail later. Trust me. The discount stays in place until the petrol price falls below the trigger level again.

The duty trigger—the world oil price—was mentioned by a number of hon. Members. We had left that at the discretion of the Chancellor. Brent Light sounds like a rather good oil type on which to base the trigger, but that would be at the Chancellor's discretion, as would the forecast range. There was a suggestion that the forecast range might be quite conservative. I would have thought it might be quite liberal, to avoid the trigger and the discount kicking in.

That brings me to the Liberals. They were sympathetic to the proposal and the objective. It was marvellous. The hand-wringing and inaction were utterly predictable. I can hardly wait to see the local newsletters in Argyll and Bute when they explain this one away in the *Oban Times*.

My hon. Friend the Member for Banff and Buchan (Mr. Salmond) outlined the working of the proposal and explained how the windfall gains would be used to smooth out, as I said a number of times in my speech, the spikes and the prolonged spikes that occur in the fuel price. I want to make it clear that this is a one-way smoothing out to mitigate against the worst circumstances that result from prolonged spiking. It is not to penalise people at the bottom end when prices go down. It is to smooth out at the top end and to allow businesses, in particular, proper financial planning. It is intended to take away at least some of the pain produced by prolonged rises in oil prices and pump prices.

A number of serious points were made in the debate. I considered for a moment the Financial Secretary's invitation to me not to press the motion further. We consider the matter to be serious. The new clause had the support of five parties in the House, covering if not large numbers of the electorate, then large geographical parts of the UK. It is a serious matter in Northern Ireland, in Wales, in Scotland and in large parts of England, so I decline the Financial Secretary's invitation not to press the motion to a vote.

Question put, That the clause be read a Second time:—

The House divided: Ayes 12, Noes 351.

Division No. 33] **[5.37 pm**

AYES

Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Hermon, Lady
Hosie, Stewart
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
Robertson, Angus
Salmond, Mr. Alex
Simpson, David
Williams, Hywel
Wilson, Sammy

Tellers for the Ayes:
Mr. Mike Weir and
Adam Price

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Mr. Russell
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Mr. Martin
Howarth, David
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kramer, Susan
Ladyman, Dr. Stephen
Lamb, Norman
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter

Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Vernon Coaker and
Tony Cunningham

Question accordingly negatived.

New Clause 9

Real Estate Investment Trusts

'(1) The ICTA 1988 is amended, by inserting after section 842A—

Real Estate Investment Trusts

(1) The Treasury shall, by regulations, to be laid prior to 31st October 2005—

(a) make provision about the treatment of Real Estate Investment Trusts for the purposes of any enactment relating to the taxation or Stamp Duty Land Tax, and may make provisions for separate sub-funds of such trusts;

(b) impose requirements on a company as to the conditions that need to be met for a company to be a Real Estate Investment Trust for an accounting period;

(c) provide for the modification of any enactment relating to taxation in its application in relation to—

(i) Real Estate Investment Trusts,

(ii) shareholders in Real Estate Investment Trusts; or

(iii) transactions involving Real Estate Investment Trusts;

(d) make provision for transitional arrangements for companies incorporated before 1st January 2006 that become Real Estate Investment Trusts on or after the 1st January 2006.".

(2) Regulations under this section shall not increase the tax to which a Real Estate Investment Trust or an investor in such a Trust would be liable except for those regulations.

(3) This section shall come into effect the month after the passing of this Act.'.—*[Mr. Spring.]*

Brought up, and read the First time.

Mr. Spring: I beg to move, That the clause be read a Second time.

New clause 9 would compel the Government to introduce tax legislation to facilitate the introduction of real estate investment trusts as a collective investment vehicle for property in the United Kingdom. The Government have been good at announcing the introduction of REITs, but have so far failed to deliver the goods. As a result, investment has gone offshore.

It should be noted that despite several announcements by the Government of tax legislation to give effect to REITs, such legislation does not appear in the Bill. That is due to problems involving the current method of taxation of overseas landlords, whereby rents payable to them are subject to a 22 per cent. withholding tax except when the landlord has the prior agreement of the Inland Revenue. The worry is that a REIT will effectively escape such a tax when paying a distribution to the overseas landlord. However, many other countries have REITs and have appropriate tax regimes for them.

There is genuine concern that the current position is causing the property fund industry to locate elsewhere. There are now £3 billion-worth of listed property trusts in Guernsey that might otherwise be in the United Kingdom: that has been confirmed by Merrill Lynch investment managers. The quoted property investment trust market has increased from approximately £0.3 billion in 1998 to nearly £3 billion now, going from effectively 0 per cent. to 10 per cent. of UK listed real estate by market value. However, the market value of onshore trusts has remained nearly constant. Virtually all quoted property has gone offshore.

In the United States, REITs are a commonly held investment vehicle. Japan launched them in 2001, France in 2003, and Germany is considering introducing them. It would be preferable if we could introduce a regime before Germany. Companies are effectively developing equivalent structures elsewhere. A major insurer established such a vehicle in Guernsey, complaining that it would have liked at least to have the option of making it a UK vehicle.

In the US, REITs now own no less than $220 billion worth of real estate, of which $35 billion is residential. They have to distribute 90 per cent. of their income, and tend to have far greater and more consistent dividend yields than conventional shares. Given the ageing profile of the British population, that will be important, as pension funds have more retirees than future pensioners making contributions, and seek to move from having assets with potential growth to having income-producing assets.

REITs tend to have different cycles from the bond and equity markets. They therefore make for prudent investment by individuals, pension funds and life assurance companies wishing to reduce risk by maintaining a diversified portfolio. REITs also tend to trade at near asset value, whereas current UK property groups tend to trade at a discount to net asset value, often of between 10 and 15 per cent.

The longer it takes the UK to establish such a vehicle, the lower the tax take will be as more and more vehicles go offshore, and the bigger will be the loss to the UK economy. Perhaps one of the Government's concerns about REITs is that they produce high levels of income, and might be unwelcome competition for the other forms of income-producing investment that investors could consider: for example, the increasing amount of Government debt that the Treasury issues to finance the Exchequer.

[Mr. Spring]

If we turn to the history of REITs, the Budget of 2003 included announcements to improve the flexibility and efficiency of the commercial property market. The pre-Budget report of 2003 announced the consultation paper to be produced in the Budget of 2004, following on from the Budget of 2003. In the Budget of 2004, a consultation document was launched promoting more flexible investment in property, and seeking views on how a new property investment fund—a UK version of the successful US REITs—might be structured to meet the Government's objectives of further enhancing the liquidity of property investment, providing greater access to retail investors and encouraging expansion in the private rented sector. Of course, we have now come to the Budget of 2005.

Accountants and actuaries often identify as one of the characteristics of the Government that Treasury announcements are made without adequate supporting information on which they can make judgments, and often express anxiety publicly about the impact of Treasury announcements that are made without the supporting detail, given all the pressures that result on business and business decisions. It is curious that we have the reverse situation here—the Government have made four announcements about REITs, but no specific date for introducing such vehicles has been brought forward.

The British Property Federation is of the view that there will be no net tax leakage for implementing a REIT regime. The US experience is that REITs pay significant taxes other than corporate tax, such as business rates, stamp duty land tax and VAT, before any shareholder-level taxes. US REITs are widely held, and it should be noted that the US has rules to prevent overseas owners from controlling REITs to avoid US tax. As I shall indicate, Canadian research shows that such vehicles should produce a slight increase in tax yields in the longer term. We are therefore concerned by the Chancellor's reluctance to bear the possible short-term fall in tax revenues—the determining reason why the Government refuse to introduce REIT legislation—which is further discouraging capital investment from the United Kingdom.

The US plans to get around concerns about US owners abusing the rules by having concentration limits. Withholding taxes, which were 30 per cent., generally had the habit of blocking and deterring foreign investment that would otherwise be welcome. In the late 1990s, the US Treasury reduced the high withholding taxes on REIT dividends. That applied to all newly negotiated treaties in which withholding taxes were lowered for investments below a certain threshold, typically to 15 per cent. As a consequence, the level of overseas investment in US REITs substantially increased.

It should also be noted that external investors in UK property normally shelter their 22 per cent. tax charge under the current overseas landlord regime, typically by gearing up their investments. A 15 per cent. withholding tax rate would probably levy more tax than the 22 per cent. as the withholding could not be reduced by an overseas investor gearing up to buy shares in the REIT, especially given that REITs have tended to produce considerable income.

The Canadian Institute of Retail Funds and Canadian Institute of Public and Private Real Estate Companies also undertook a very detailed and scientific study of similar issues around withholding taxes for REITs. It concluded that there would be an immediate reduction in tax yields, being the corporation tax forgone on dividends and capital gains, net of the tax collected through withholding. When taking into account that most of the value would generally be deferred to tax residents who would pay tax on their REIT shares and dividends, however, the result was a net increase in tax yields. Overall, therefore, the REIT vehicle would result, at best estimate, in a small increase in tax yields in the long term.

On a wholly dispassionate point, it is difficult for people to retain a satisfactory return on their investments in dividend terms because interest rates throughout the world today are very low, and in many instances lower than in this country. Individuals go into REITs as a form of investment to capture yield. For example, the US experience shows that the average REIT yield in dividend terms is 5.13 per cent., whereas the Standard and Poor 500 stock index yield is 1.8 per cent. It is difficult for people to get a satisfactory return, and this is certainly one way of doing it.

6 pm

The National Association of Real Estate Investment Trusts in the United States recommends the following, based on the US experience, all of which we could reasonably include in UK tax law. The first recommendation is not to have a quoted requirement for REITs; the second is to permit gearing to reduce the level of withholding tax and distributions payable by REITs, with the sensible suggestion that we should have "safe harbour" levels for effectively tax-deductible debt—a principle worth considering throughout UK tax law.

Mr. Clifton-Brown: Will my hon. Friend not also press the Government on the following fact? If there were a greater market in commercial property—undoubtedly there would be a more flexible market if REITs were introduced—the Government would also gain more in tax through increased business activity generated thereby, because leases would be granted more flexibly.

Mr. Spring: I entirely agree. Indeed, in submissions made to the Treasury by the British Property Federation, those exact points have been spelled out.

We are fortunate in this country to have a hugely successful and internationally recognised financial services industry, with a skills and knowledge base that is incomparably successful by international standards. We can be grateful that it exists, because as we all recognise, our manufacturing capabilities do not match our success in the financial services industry—and REITs represent an area of investment that the investment community wants to see on the statute book.

The Government have accepted in principle that this is the right thing to do, but for reasons that are difficult to understand, they have been unable to come to a firm conclusion. I simply say to the Paymaster General that there is no substantive disagreement on the principle, but we must accept that at this stage we need to fix a date

for the introduction of REITs. That is exactly what the new clause is all about, and I hope that the Minister's response will clarify how we can move the process forward as rapidly as possible.

Rob Marris (Wolverhampton, South-West) (Lab): I have three questions to ask the hon. Gentleman. As background, he cited the figures and the research from Canada, but as the House will know, Canada is 32 times the size of the United Kingdom and has twice as much house building per capita per annum as this country does. What evidence does he have of the effect that REITs would have on house prices in this country, the availability of houses for home owners to buy, and the levels of rents, both commercial and domestic?

Susan Kramer: Despite the comments of the hon. Member for Wolverhampton, South-West (Rob Marris), REITs are a largely non-controversial issue; indeed, there is consensus across the House that they are a desirable instrument. For the ordinary consumer—the retail investor—REITs are important because they are easy low-cost mechanisms for entering and exiting the property market. They would allow people to diversify their investment portfolios, which is what we want, to enable people to manage risk better within their investments.

For the Government, there is a desire to achieve a closer alignment between the taxation of direct and indirect property investments. I fully recognise that there are issues that the Government must tackle—such as definition, legal issues, issues of withholding and foreign investors, and the ring-fencing of ownership and management versus the actual activities that take place on property. Surely, as we look around the globe, not least at Australia and the USA, there are plenty of examples of how all those issues have been tackled. The new clause is, from the perspective of the Liberal Democrats, essentially a wake-up call. It is about saying to the Government that they should please get a spur into Treasury officials, of whom we see so many in and out of the Box day after day, and get something sorted so that REITs can be made properly available to people in the UK.

The Economic Secretary to the Treasury (Mr. Ivan Lewis): May I first welcome the new attachment of the Opposition parties to the concept of REITs? It was, in fact, this Government who introduced the potential benefits of a REIT system and we never heard any proposal to that effect from Opposition parties.

New clause 9 follows a simple pattern. Opposition Members have said that they want to focus the Government's mind on making more rapid progress in solving the problems associated with REITs. The problem with the new clause is that it invites the Government to introduce regulations before 31 October, irrespective of whether, before that date, we have resolved all the difficulties and concerns that hon. Members have accepted as authentic and legitimate. How can a particular date be specified for a set of proposals when there is no way of being certain that it is possible to resolve the outstanding problems relating to them? Doing so would be entirely irresponsible.

What we have said throughout is that it is our objective and desire, if we can resolve the problems, to introduce proposals for the next Finance Bill—and that remains our position, but we cannot guarantee it. If, in the course of our discussion and consideration of the issues, it continues to become apparent that the principles necessary to underpin a REIT scheme cannot be secured, we will have to take that into account before taking any final decisions. The message about the need to make rapid progress on REITs is, frankly, one that the Opposition have no need to keep telling the Government.

Ed Balls: I fully accept the Minister's point that REITs were originally a Treasury proposal rather than one suggested by Opposition Front Benchers. Given the earlier comments of Conservative Front-Bench Members about the importance of having simplicity and stability in the tax system, does my hon. Friend find it rather strange to hear them arguing that we should rush ahead with legislation before we have had enough time to sort out the technical details? Surely it is in the interests of stability and transparency that we get the legislation right before we put proposals before the House.

Mr. Lewis: I entirely agree with my hon. Friend that consistency is not a trademark of the Opposition, as we have seen throughout our debate on the Finance Bill. Conservative Members are telling interested parties outside that they are aware of the importance of REITs, but the Government have already made that clear on several occasions. We have also placed on the record, in the context of the Budget and the Finance Bill, our belief in the importance of REITs and the fact that we support them in principle. We have also acknowledged that, if at all possible, we need to make speedy progress with them.

As I have said, the problem with the new clause is that it confines the necessary debate, discussions and consideration of the genuine difficulties that we face in reaching a decision to a period before the end of October this year. It is easy for the Opposition to propose such amendments, but it would be entirely irresponsible for the Government to accept a time scale that we have no way of being absolutely certain of meeting.

There is no need for Opposition Members to continue to reiterate that we all support the concept of REITs in principle. Nor is there any need for those Members to tell us that it needs to be done as quickly as possible. We differ in that we are not prepared to compromise on the fundamental principles that we have outlined time and again. We have talked about the desirability of REITs, but also about some of the genuine obstacles and barriers to achieving them.

I say to those who have a genuine interest in putting a sensible and credible REITs framework in place that the credible thing to do is to work with the Treasury and the Government to ensure that the obstacles and difficulties are resolved. If that happens, we can put REITs on the statute book very quickly. On that basis, I ask the hon. Member for West Suffolk (Mr. Spring) to withdraw the motion.

Mr. Spring: It is a real joy to have the presence of the hon. Member for Wolverhampton, South-West (Rob Marris). Something was lacking in our proceedings until, as I came to the Dispatch Box, there he was; the whole atmosphere in the Chamber suddenly lifted. I am delighted to see him, but I should point out that his

[Mr. Spring]

questions could more appropriately have been put to his own Front Benchers, who have had a number of years in which to resolve these issues. I cited the experience of the United States in respect of residential, rather than commercial, investment, and gave the hon. Gentleman the relevant figures. So the experience of the United States has been specified and spelled out, and I dare say that it might be comparable in this country.

I should point out to the Economic Secretary that he doth protest too much. The idea seems to be that our suggestion is appalling, irresponsible and gratuitously offensive. The argument is that we are suggesting that this process, about which we have heard in three successive Budgets, should suddenly become terribly quick, and that it is quite wrong to deal with it rapidly. The Government have had a number of years in which to consider this issue. There have been representations from the investment community—*[Interruption.]* I thank the Economic Secretary for that sedentary intervention. I am not sure whether I heard him correctly, but he seemed to suggest that he wants us to participate in this process. We would be more than delighted to do so, and so would the investment community. Perhaps we could then persuade him to reach some form of conclusion.

The idea is that 31 October is in some way a blood-curdling date, but all that the inclusion of such a date is designed to do, as the Economic Secretary well knows, is to bring this issue to a rapid conclusion. As he will know from the industry, because this issue has not been resolved, money is going offshore instead of coming into this country. However, it has been resolved perfectly satisfactorily in a number of foreign jurisdictions. I should point out that it is not a case of officials doing an outstanding job and the Treasury being at fault; it is Ministers themselves who are procrastinating and who cannot get their act together. *[Interruption.]* The same point applies to the hon. Member for Normanton (Ed Balls).

We have tabled this new clause in order to raise this issue yet again. I am afraid that those out there who are watching this particular Government performance will be extremely disappointed by the Economic Secretary's response. We do not wish to press the matter any further, other than to make the perfectly valid point that it should be brought to a proper conclusion. I hope that it will be dealt with very rapidly, and that we can stop the endless procrastination that is so damaging for our businesses. That said, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 18

Section 17(3): Specific Powers

Chris Huhne: I beg to move amendment No. 2, in page 17, line 39, at end insert

'for the purpose of avoiding any tax.'.

I too will attempt to be very brief. This is a modest amendment, which I should like to advocate. We discussed this issue in a Committee of the whole House and I put various points to the Economic Secretary, to which I hoped that he would respond with, perhaps, a Government amendment. Such an amendment has not been forthcoming so far, and it would be very pleasant to have from him an assurance about the problem created for qualified investor schemes by the current wording of subsection (3). Unfortunately, it is possible that an entirely blameless, taxpaying investor, through no fault of his own, could find that an institutional investor, or some other large investor, has left him with 10 per cent. of the qualified investor scheme. That blameless person would then be subject to the taxation regime set out in clause 18(3).

That cannot have been the Treasury's intention, as the clause contains various careful exemptions designed to make sure that smaller investors are not caught by the problem. I hope that the Economic Secretary will address that matter, and try to get qualified investor schemes up and running. They have cross-party support, and would be an adornment to our financial services industry.

6.15 pm

Mr. Ivan Lewis: I cannot accept the amendment, but I want to reassure the hon. Member for Eastleigh (Chris Huhne) about some of his reasonable concerns. First, he will accept that a purpose test needs careful consideration to ensure that it hits the right target and can be effectively enforced. The amendment would pre-empt the further discussion and work required before such a test could be introduced. The wording of the amendment restricts the application of the rule to situations in which the investor's only purpose in owning 10 per cent. or more of a fund is tax avoidance.

That would make it simple for investors to get around the rule. It is almost always possible to find some other reason, however trivial or irrelevant, for owning 10 per cent. or more of a fund. To prevent sidestepping other-purpose rules, the Bill stipulates that tax avoidance must be the main purpose, or one of the main purposes, behind entering into transactions. Without such protection, it is unlikely that the different tax treatment rule would ever be applied.

To police a combined 10 per cent. and purpose test would inevitably lead to greater compliance costs for the industry, investors and HMRC than would be incurred by a straightforward rule that applies a different tax treatment based simply on percentage ownership of a fund. The experience from other-purpose tests is that proving that tax avoidance was the only purpose is difficult and time consuming. It also leads to uncertainty for the investor while the position is resolved.

I hope that the hon. Gentleman finds the next bit helpful. We recognise that some investors may end up owning 10 per cent. or more of a fund inadvertently. For example, that might happen if a substantial investor redeemed his units. To ensure that investors who find themselves over the limit unwittingly are not affected adversely, the regulations will provide a period of grace for matters to be reversed. I have said that before, but I am happy to repeat it today.

As with all the regulations planned for authorised investment funds, officials will continue to consult stakeholders on the detail of how the relaxation in respect of the sort of inadvertent breach that I have outlined will operate. We believe that the 10 per cent. rule is a simple

percentage rule that applies a different tax treatment to investors who meet or exceed it. Qualified investor schemes are restricted to sophisticated investors who will know when that different treatment will apply to them. Such investors will also know exactly what the consequences will be if they meet or exceed the limit. To add a second leg that requires a subjective test of motive would remove those certainties.

I hope that my response goes some way towards answering the concerns voiced by the hon. Member for Eastleigh in respect of those people who might find themselves to be inadvertent victims of the proposals. We are making it very clear, on the record, that the regulations will be sensitive to investors' circumstances. Given what I have said, I hope that the hon. Gentleman will feel able to withdraw the amendment.

Chris Huhne: On the basis of the reassurances given by the Economic Secretary, I am pleased to beg to ask leave to withdraw the amendment.

Amendment by leave, withdrawn.

Schedule 9

INSURANCE COMPANIES ETC

Mr. Mark Field: I beg to move amendment No. 5, in page 131, line 14, at end insert

' ; but no order under this section shall be made unless a draft has been laid before and approved by resolution of the House of Commons.'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss amendment No. 6, in page 131, line 43, at end insert—

'(8) No order under this section shall be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.'.

Mr. Field: As the Economic Secretary will appreciate, the amendment covers some of the ground that was cantered over in Committee, but that is unavoidable. We are attempting to ensure that statutory instruments are required for the inserted section 431A of the Income and Corporation Taxes Act 1988 that appears in schedule 9. One of those SIs would be to ensure that as life assurance company taxation is driven off regulatory returns, the tax rules can be altered where necessary where there is a change in the regulatory rules that has a consequential effect. The second is set out in paragraph 3 of schedule 9, which we debated at some length in Committee and is fundamental to how such companies are taxed. It effectively allows the Inland Revenue to alter the tax sections that determine either the rate of tax on which a life assurance company pays its profit or the allocation of investment return between non-taxable pension business and taxable life assurance. Life assurance companies are subject to a tax charge that combines two factors, one being a charge on the shareholder profit that the company makes and the other a charge on the investment return on the assets that are backing life assurance companies. That is effectively then charged to the policyholder.

As the Economic Secretary will be aware, there are no limits on what the Treasury can include in the secondary legislation, and we believe—the amendment tabled by the Liberal Democrats suggests that they agree—that that gives far too much power to the Inland Revenue and too little potential protection to the taxpayer. We argued in Committee that there should be, as a matter of course, parliamentary scrutiny as to whether the proposed changes should be introduced by statutory instrument and the limitations placed on what should be contained in that instrument.

There is also a concern that a double charge might inadvertently arise following the implementation of the statutory instrument, in one of two ways. Either the investment return on the attributed estate could be included in the pension business computation and taxed as proposed in an earlier draft SI as taxable life business—the latest SI, released as recently as 17 June—indicated that the regulations would be written so that that would be the case. We would like the Minister to confirm that. Alternatively, any investment return on attributed estate that is now taxed would be taxed again when taken to shareholders' funds. That is an obvious double charge that remains, which is why we tabled an amendment in Committee, which was discussed at length.

In Committee, the Economic Secretary said:

"The context is that the industry and the Government have had an ongoing dialogue in an attempt to reach a satisfactory agreement and conclusion. In the context of those negotiations, that consultation and that debate, significant agreement has been reached between the industry and the Government on a practical and realistic way forward. Given the discussions between the industry and the Government, it is slightly surprising that in Committee we should find that the industry is in a sense encouraging the Opposition to challenge an agreement that it made with the Government. There has genuinely been a listening process and a two-way dialogue."—[*Official Report, Standing Committee B*, 30 June 2005; c. 252–53.]

Without querying the Government's good faith, I have to say that the insurance industry does not regard that as a fully accurate statement. I am sure that it was not intended to mislead, but the industry feels that although there have been discussions and some of the more outlandish proposals, such as taxing mutuals as having shareholder profit, have been dropped—it appreciates that there has been some movement—it does not regard the final outcome as entirely satisfactory. The industry rightly considers that such amendments should be made by way of primary legislation and should not be introduced in what is effectively—partly because this is the second Finance Bill this year—in a rush. The industry also believes that the Government should be even-handed and ensure that life assurance companies will not be taxed on more than 100 per cent. of their investment return, which is the potential downside of the double charging to which I have referred. In the view of the industry, the regulations remain in a draft state. The Inland Revenue has known about the tax planning in question for almost a decade, so it cannot reasonably claim that the rules have to be introduced in a rush.

The Economic Secretary also claimed that there could be no double charge under the proposed regulations as the investment returns on a non-profit fund cannot be deferred through the use of an investment reserve. Two specific points arose from the insurance industry briefing. First, the industry feels that non-profit funds

[Mr. Field]

can have investment returns and, in years of high investment return, should maintain them as a matter of reasonable actuarial prudence. Secondly, the income on such attributed estates may need to be maintained in the longer-term fund due to agreements that may be made with the regulator, which leaves open the possibility of a double charge, to which we referred. I hope that issue can be addressed in the final form of the regulations.

I do not want to go over old ground and repeat the arguments, as I am sure that the Minister is fully aware of all of them. Given the continued uncertainty, however, many experts in the insurance industry remain unconvinced of the necessity to enact the change in the current year, rather than awaiting the outcome of a proper review of the apportionment system. We hope, therefore, that he will give serious consideration to taking on board the amendments that we have tabled. In any event, we shall be interested to hear what he has to say, although I appreciate that he may want to reply relatively briefly as many of the issues of principle were debated at great length in the Standing Committee.

Chris Huhne: I, too, shall attempt to be brief, as time is marching on and we discussed the issue in the Standing Committee at considerable length. I have three points. The first is that the measure is not being proposed by the Treasury to deal with tax avoidance. There is no pressing reason why the Government should include it in this Finance Bill, rather than allowing the consultation process to continue and introducing a more substantive measure in the Finance Bill next year. The matter has been under discussion for a long time, and the fact that the Treasury proposes an explicitly time-limited measure lets the cat out of the bag and reveals the rather half-baked nature of the basis on which the Government intend to proceed.

My second point is that the regulations are tax-raising measures that should properly be the preserve of Parliament and positively agreed by the House. For that reason, I commend the amendment. Thirdly, the proposals are arbitrary and discriminatory and have changed dramatically from those that were first aired in the draft regulations published at the end of 2004. They would have had an impact throughout the life insurance industry, whereas under the current proposals the focus would be on only a small number of companies for a similar amount of revenue. Those companies are thus entitled to expect some independent restraint on the freedom of civil servants—albeit under the direction of Ministers, who are no doubt already on the case—to push through measures that could have a significant impact on their commercial position.

For reasons relating to the technical taxation aspects of the substantive measure and the principle that the matter should be discussed in the House, I hope that the amendment will be supported. I look forward to the Minister's response.

Mr. Ivan Lewis: First, I shall respond to some of the specific points made by hon. Members. The hon. Member for Cities of London and Westminster (Mr. Field) again expressed concern about double charging and again I reassure him, on the record, that we believe that no double charge is possible and that regulations will deal with the issue. If people can demonstrate that there is a risk of double charging we will ensure that the regulations reflect whatever is necessary to prevent it. I hope that that reassures the hon. Gentleman.

The hon. Member for Eastleigh (Chris Huhne) implied that, somehow, the position that we have arrived at in the Bill was a bolt out of the blue—an unexpected, entirely different proposal from the one that emanated in the past. I refer him to a High Court judgment about a transfer of business that involved AXA Sun Life. It is interesting to note what the judge said:

"AXA accepts that the calculation"

of the assumptions about the tax that it would pay in future

"was on the basis alleged but contends that it is highly likely that in the future the Inland Revenue will seek to close what they regard as a loophole in the taxation of insurance funds and that accordingly tax rates will rise . . . The FSA says that they do not regard AXA's tax assumptions as unreasonable."

That judge made those comments in the year 2000, so our proposal can hardly be described as a bolt out of the blue or something that has come as a tremendous shock to the industry.

6.30 pm

I respond to what the hon. Member for Cities of London and Westminster said about the sector's claim that our description of the consultation and negotiations with them was inaccurate by saying that we specifically attached a sunset clause to the substantive measure because of the representations and concerns that have been articulated by the industry and the sector. Either they accept the inevitability that such changes will be made, or they continue almost to play for time, to engage in consultation that is not real. We have responded sensitively and directly to their requests that we attach a sunset clause to the measure because of the concerns that the industry has expressed on a number of occasions.

As hon. Members know, we had a lengthy debate in Committee on Opposition amendments to remove the regulation-making power altogether. Having withdrawn those amendments, they now seem to be coming from a different angle to try to achieve the same objective: making the regulations follow the affirmative procedure. Obviously, we are not unsympathetic to the points made by some Opposition spokespeople. Where the Bill, or the first Finance Bill introduced in March, enacts a major reform under secondary legislation, that may be done by regulation under the affirmative procedure in some circumstances.

For example, the affirmative procedure is used for the rewriting of the rules for authorised investment funds in the Bill—the subject of amendment No. 2, which we have just debated—and the securitisation companies in the Finance Act 2005. However, the legislative framework established by the powers in both those cases is permanent. In both cases—the legislation for authorised investment funds and securitisation companies—the affirmative power has been limited to the first use of the power when the new structure is established.

Schedule 9 is different as it involves a temporary use of powers, limited by the sunset clause that the industry sought. On Second Reading, the hon. Member for Eastleigh said:

"At present, there is a simple approval of new regulations by the House when they are first introduced; thereafter, revisions are subject only to the negative resolution procedure. There is no trigger point at which a general assessment of the operation of delegated powers can be undertaken, but it seems to us that there should be."—[*Official Report*, 7 June 2005; Vol. 434, c. 1153.]

I assume that what he meant by a "trigger point" is a sunset clause. I take him to be saying that a sunset clause is an alternative to an affirmative procedure. That is exactly the position that the Government have adopted in the legislation.

I appreciate that the power in schedule 9 to make regulations is capable of being used to make radical changes, even if only for 2005. If that were done, there ought to be an opportunity to debate those changes, but hon. Members who served on the Committee will know that I circulated a letter that contained details of the proposed regulations and that the regulations will affect only a limited number of cases in precisely the way I that described. They ensure that income from assets that are wholly excess to policyholder requirements is taxed at the appropriate rate and that, as I have said, there are mechanisms to ensure that no double counting takes place.

It has been claimed that there has been no scrutiny of the regulations. I resent the suggestion from the industry that there has not been ongoing and serious consultation. The consultation will continue. With a sunset clause, as hon. Members will know, any replacement legislation will be primary legislation that gets full scrutiny, and I made that absolutely clear in Committee. I place that on the record again now. When the sunset clause expires, it will be replaced by primary legislation in the next Finance Bill, setting out a permanent framework for apportionment rules, which will be fully debated in the usual way.

Even if I were minded to accept an amendment—which I am not—along the lines proposed, neither amendment No. 5 nor amendment No. 6 would do. They go too far. They also cover very straightforward and simple changes that are a direct consequence of minor technical changes to the Financial Services Authority rules. I am sure that that was not the prime objective of the amendments, because that would establish a precedent that would not be practical or applicable in terms of minor changes to FSA rules.

I believe that we should put in place a sunset clause. By doing it in the way that we are proposing, there remains the possibility that the Opposition can seek a debate; they still have that opportunity through parliamentary procedures. On that basis, I urge the hon. Member for Cities of London and Westminster to consider seriously withdrawing the amendment, or I will be obliged to ask my hon. Friends to oppose it.

Mr. Mark Field: I am glad that we have had a concise debate and a precise response from the Minister on this issue. He is quite right when he identifies that the Government have gone some way, through the sunset clause, to keeping the insurance industry happy. One of the main reasons for the sunset clause was the fact that this was rushed legislation.

I am glad that the Minister has also been able to demonstrate that if anyone in the insurance industry is able to show that a double charge would take place and that they would lose out on the grounds that we have set out, there will at least be an opportunity to reassess the situation.On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Order for Third Reading read.

6.37 pm

Dawn Primarolo: I beg to move, That the Bill be now read the Third time.

I would like to take this opportunity to thank all the right hon. and hon. Members who participated in the Committee of the whole House and the Standing Committee. The quality of the contributions produced good, productive debate, animated exchanges and some improvement in the substance of the Bill.

As my right hon. Friend the Chancellor outlined in his Budget back in March, the Government's economic objective is to build a strong economy and a fair society, in which there is opportunity and security for all. The long-term decisions that the Government have taken—giving independence to the Bank of England, new fiscal rules and a reduction in debt—have helped to shape economic stability, which in turn has created the platform for building prosperity, achieving social justice with security and opportunity for all, and maintaining investment in public services. This Bill contains measures to strengthen further stability while sustaining enterprise and ensuring fairness.

I have made this point to the House before and I will do so again because I believe it goes to the heart of this Bill: a fair tax system is one in which everyone pays their fair share. The protection of tax revenues is imperative both in providing improvements in efficiency and enabling increased investment in public services. Tax avoidance undermines the ability of the Government to deliver their objectives and imposes increased burdens on those who pay their fair share of taxes.

Tackling avoidance is not incompatible with maintaining UK competitiveness. In fact, avoidance undermines fair competition. Turning a blind eye while some companies obtain an unfair advantage by exploiting avoidance schemes is not the same thing as supporting and maintaining UK competitiveness.

As I said to the hon. Member for Runnymede and Weybridge (Mr. Hammond) in Committee, competitiveness is based on the question of whether the tax system is modern and fair and whether it has appropriate rules that respond to the challenges that it faces, so that it discharges its responsibility to all taxpayers by ensuring that there is fairness in the system. As we have seen, the Bill's provisions will do just that. They reflect the Government's resolve to ensure that our tax system is both fair and competitive.

In the Budget 2004, the Government introduced disclosure rules to tackle tax avoidance. Those rules have revealed that several areas of the tax system are at risk from high levels of tax avoidance. The Bill will close several schemes of which we have been made aware, including schemes involving the exploitation of arbitrage, employee securities, VAT avoidance and

[Dawn Primarolo]

financial avoidance. The measures that achieve that make up much of the substance of the Bill and have been subject to much scrutiny in Committee.

On arbitrage, increasing globalisation presents new opportunities for the few who attempt to evade their UK obligations. Clauses 24 to 31 and schedule 3 introduce legislation to target avoidance involving tax arbitrage. The measures catch contrived avoidance structures that seek to achieve a UK tax advantage and will apply only when a company is involved in a scheme that increases UK tax deductions because of the exploitation of arbitrage.

Alongside the 2004 pre-Budget report, I made a statement to the House stressing how successive Governments have been perpetually presented with ever more intricate arrangements designed to avoid income tax and national insurance on the rewards from employment. Clause 12 and schedule 2 are a carefully focused response to such avoidance schemes. The measures will effectively target arrangements that are used to disguise cash bonuses and thus avoid tax and national insurance. It is important to remember that without prompt and decisive action, around £500 million in tax and national insurance would be at risk every year. The Government estimate that around £2 billion of payments were going through such schemes in 2004–05.

I should also remind the House that in my statement alongside the pre-Budget report I made it clear that the Government's objective was to close down such activities permanently, initially by closing down schemes that had been identified by Her Majesty's Revenue and Customs. Furthermore, I made it clear that should further attempts be made to frustrate that intention, legislation would be introduced to combat the problem, where necessary, with effect from 2 December 2004. The response is thus fair and proportionate, given the substantial amount of revenue at risk and the history of the previous attempts made by some taxpayers and their advisers to get around legislation that was aimed at stopping their avoidance schemes. I must stress that only those who, despite these warnings, choose to avoid their responsibilities and pass a heavier burden on to other taxpayers will be affected.

Furthermore, the disclosure rules are an integral part of the Government's strategy to ensure that there is fairness. They target the information deficit on which tax avoidance is based. They enable Her Majesty's Revenue and Customs to act faster and with a more targeted response to abuse of the tax system, thus providing an early warning about new avoidance schemes. Clause 6 and schedule 1 will improve the effectiveness of the rules by drawing on the experience of disclosures up to this juncture, extending the definition of tax advantage and simplifying the requirements on business to disclose schemes so that if a new listed scheme is designated, the tax authorities will be able to act swiftly.

The Bill introduces important measures to promote fairness and confront tax avoidance while maintaining our competitiveness and providing certainty to businesses, allowing them to keep pace with the opportunities presented by the fast-evolving global economy. It will help to develop the macro-economic stability that is essential to our future productivity, growth and stability. It will support business while ensuring fairness, and will enable the country to sustain and build on a competitive enterprise-based economy, allowing for security and opportunity so that everyone benefits from growing prosperity.

The Finance Bill sets in statute the measures proposed in the Budget to enable the United Kingdom to respond to and meet the challenges of a global economy. I commend it to the House.

6.45 pm

Mr. Philip Hammond: We reach Third Reading with some of our concerns unresolved, although it would be untrue to say that no progress has been made. Certainly, the Bill is a big improvement on the one published in March. I would like to say that that is due to parliamentary scrutiny and debate, but, perhaps inevitably in the case of the complex matters that form Finance Bills, and this one in particular, which deals with anti-avoidance, the reality is that it is due to the enhanced scrutiny and discussion outside this place, between business and the Revenue. That is purely a happy side effect of the extra time made available by the general election.

Several of the original Bill's provisions have been shown to be unworkable or too wide reaching and have been substantially amended. Unfortunately, even with the enforced break in an election year, the Revenue still appears obsessed with the need to introduce anti-avoidance legislation without notice, and hence without prior discussion. All the evidence points to the fact that pre-legislative consultation leads to better legislation, and the Bill as it now stands and the disclosure rules in the Finance Act 2004 are the most obvious and recent examples. We have seen no evidence of loss of tax through prior notice.

The Revenue now has the disclosure rules in the 2004 Act, so it is pretty clear what is likely to be targeted. It has the press notice system, whereby it effectively gives taxpayers notice that a scheme will be closed down before the details are published. It has the tools to enable proper pre-legislative consultation of anti-avoidance measures, which it has engaged in this year to an extent. In a genuinely constructive spirit, I suggest that the Paymaster General might consider an exercise to analyse whether engaging in that way resulted in a significant loss of tax. I think the Revenue would accept that it resulted in a number of improvements to the legislation and perhaps the avoidance of embarrassing unintended consequences later.

In addition, we received reassurances from Ministers during the course of the Bill's progress on the intended effect of the measures and commitments to keep various things under review, although I regret to say that we failed to persuade them to amend the legislation, with one small exception, to ensure that the reassurances on scope appear in the Bill.

The reassurances that we received—we are grateful for them—include the active monitoring of the effect on compliant taxpayers of the VAT warehousing scheme; the development of a workable relieving measure to cover the insurance tax rules that levy a charge when a subsidiary transfers its insurance business to its parent; the operation of the insurance tax rules as they apply to subsidiaries of life assurance companies; commitments

to consultation on e-conveyancing, ensuring that new stamp duty land tax rules do not apply so that there is a multiple clawback; reviewing the scope for abolishing the Treasury consent rules; monitoring operating problems that arise on e-conveyancing, e-filing and land transaction returns; and the Government's welcome pledge to amend the draft guidelines on the gift aid scheme.

I reiterate that we accept the need to monitor and react to tax avoidance schemes. We have two overriding concerns. First, the Bill's provisions may apply more widely than Ministers say is the case. The Government have not narrowed the scope of those provisions and have responded to criticism by adopting the maxim, "Draft widely; apply narrowly." We are constantly reassured by Ministers that the examples that we have suggested are within the scope of the provisions will not, in fact, be subject to the regime in question. That is particularly true of the arbitrage provisions, which are an especially complex part of the Bill. The legislation's application to individual cases in that area will be left to Revenue officials via the issue of a notice, effectively making them the arbiters of scope.

Secondly, even if those measures are applied narrowly, as Ministers have suggested is their intention, their refusal to change the legislation to give it a narrow focus creates a climate of business uncertainty, which undermines confidence and impacts on investment decisions, especially by overseas investors in the UK. Two aspects of a tax regime determine its relative attractiveness to business: the effective level of business taxes, and the certainty and transparency of the system. Britain's effective business taxation level is increasing at a time when many competitors are consciously moving in the opposite direction. The Bill reduces the level of certainty, transparency and accountability in the system, which represents a serious threat to investment in UK jobs and prosperity. While we acknowledge the need to address tax avoidance, the Opposition fear that the balance in the Bill is not right, and that long-term benefit has been sacrificed for a short-term tax haul.

Corporate tax planning is a complex area, but the Paymaster General likes to paint it as a black and white issue. It is not that simple—the boundary between acceptable tax planning and unacceptable tax avoidance is not fixed. The Opposition want tax laws that enable business, and thus underpin continued economic growth in the UK, which is why we have sought to introduce changes to the Bill, all of which the Government have blocked. Those changes included a binding statutory clearance system to remove the uncertainty that the Government have introduced with the tax arbitrage regime; the early introduction of real estate investment trusts; amendments to the stamp duty land tax rules to avoid impediments to commercial intra-group re-organisation; and changes to schedule 7 to protect compliant taxpayers from the downside risk of being caught by the wide-ranging changes; and proposals to set in train a far-reaching review of tax law to simplify and clarify it. The Government rejected all those proposals.

We remain concerned that the Bill's scope is too wide and its operation too uncertain to be conducive to a favourable investment climate for international business. We are grateful for the reassurances that we have received during the passage of the Bill, although we are naturally disappointed that they have not been incorporated in it. We await with interest the plethora of regulations that will emerge from clauses 6, 13, 17, 45, 47, 48, 50, 66 and 67, and from schedules 6, 7 and 9. As the Paymaster General would expect, we shall monitor carefully with people outside the House the practical implementation of the Government's assurances and the Bill's impact on the United Kingdom's business and investment climate. We owe nothing less to the people of this country, who depend on a competitive investment climate for the jobs and prosperity that underpin their future and, indeed, for the stream of revenues to the Exchequer that will ensure that our public services can be maintained to the standard that we expect and demand in the 21st century. Only through economic growth can we achieve that, and only through continued investment in the United Kingdom can we deliver that economic growth.

6.53 pm

Chris Huhne: I share many of the sentiments expressed by the hon. Member for Runnymede and Weybridge (Mr. Hammond), particularly about the measures that the Treasury has introduced to deal with tax avoidance. The scope of those measures means that we often have to rely on the word of the Paymaster General, who is effectively telling us, "Trust me, I'm the Paymaster General." That is an enticing invitation given that she has been in that post for a lengthy period, but she will not occupy it for ever.

These powers might be used by people with a less beneficent view than the one that she expresses towards taxpayers. It is unfortunate that the checks and balances in the Bill are not stronger, because the scope of the measures—I am thinking particularly of schedule 8 and transfer pricing, for example—and the powers that we have given to HMRC are very substantial indeed.

In another neck of the woods entirely, I regret, and I believe we will have in our constituency surgeries a substantial number of complaints about, the Treasury's unwillingness to be a little more flexible on the gift aid provisions relating to museum admissions. Setting a minimum of one year or requiring an excess charge of 10 per cent. over the entry price means that a number of smaller museums will suffer considerable problems.

The performance of those on the Treasury Bench on the issue of REITs—real estate investment trusts—reminded me of the recent performance of the Paymaster General in dealing with another classic Treasury case, that of tax credits, where the issue is not the objective of a particular policy, but its implementation. REITs is another case of the Treasury failing to deliver on promises made time and again to the House in respect of a measure that has wide cross-party support across the Liberal Democrat, Conservative and Government Benches. Once again, the Treasury has not delivered, on a measure that would provide a real prospect of the financial services industry being more competitive in an area where a number of other countries—the United States and various continental countries—have already introduced similar measures.

On simplification of the tax regime, we were disappointed that the Treasury was not more open-minded in introducing a proposal for a tax law commission. That has wide support among professionals,

[Chris Huhne]

who are after all the people advising us on the matter and also HMRC. The tax law commission would go beyond the tax law rewrite project in being able to propose ways of simplifying the tax code that would command broad support. The argument from the Treasury Bench was that the commission would pre-empt the powers of the House of Commons. I do not believe that for a minute. It would be a professional body that could put forward proposals, and the Government could accept or reject them.

The insurance provisions tell us more about the motivation of the Bill than almost anything else. A substantial change is proposed in the basis of the taxation of the life assurance industry through secondary regulation powers given to the Treasury without adequate consultation or scrutiny in the House. That tells me that the Treasury is rather more worried about the prospect of revenue than about the prospect of good tax legislation.

Finally, I thank the Clerks for all the support they have given my hon. Friends and me in tabling amendments. I thank the Economic Secretary for the assurances that he gave us earlier today on the qualified investor schemes, which will be of benefit to the City and the financial services industry. I thank you, too, Mr. Deputy Speaker, for your support through these often arduous proceedings.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

London 2012 Olympic Bid

6.59 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): With permission, Mr. Speaker, I should like to make a statement on the Olympics. I do so in the absence of my right hon. Friend the Prime Minister at Gleneagles and of my right hon. Friend the Secretary of State for Culture, Media and Sport in Singapore, and in my capacity as Chairman of the Cabinet Committee on Britain's bid.

All of us know the news; each of us will be able to recollect for the rest of our lives exactly where we were when the president of the International Olympic Committee, Jacques Rogge, read out those magical words: "The city which will host the 2012 games is the city—of London." But my right hon. Friends and I thought that the House would welcome this early opportunity to send its congratulations to all those involved in what is a magnificent achievement for the United Kingdom as a whole in securing not only the Olympics but the Paralympics.

Our first thanks must go to the International Olympic Committee for the confidence that it has shown in the United Kingdom's bid and we should salute the strength of, and support for, the other four bids on the final shortlist.

When the original discussions took place over two years ago as to whether the Government should back a bid for 2012, there was enthusiasm in principle, but much anxiety about whether in practice London could win. We knew even then that we faced extremely tough competition. It is a tribute to the extraordinary dedication and imagination of all those involved to have taken the project from just a dream to the reality that it becomes from today. The work of Lord Coe, Keith Mills and their team has been immense. Barbara Cassani set the foundations, but Lord Coe has taken the inspiration and energy that made him one of the world's greatest ever athletes and channelled it into building a powerful bid for London. His performance here, as it was on the track, has been phenomenal. On behalf of all Members, I pay tribute to him and to all those involved with him.

London's bid was built on a special Olympic vision. That vision is of an Olympic games that will be not only a celebration of sport but a force for regeneration. The games will transform one of the poorest and most deprived areas of London. They will create thousands of new jobs and homes. They will offer new opportunities for business in the immediate area and throughout London.

But they are not just a games for London. They will leave a legacy for the entire country. Olympic competitions will be held in Glasgow, Cardiff, Weymouth, Birmingham, Manchester and Newcastle.

One of the things that made our bid distinctive and successful is the way in which it reaches out to all young people in two important respects: it will encourage many more to get fit and to be involved in sport and, whatever their physical prowess, to offer their services as volunteers for the Olympic cause.

The nation has united behind this vision. The latest polls show that 80 per cent. of people backed the bid and more than 3 million people sent individual pledges of

support. There has been a terrific partnership between the Mayor of London, Ken Livingstone, and the Greater London authority; the chairman of the British Olympic Association, Craig Reedie, and all his colleagues; and Mike Brace, chairman of the British Paralympic Association, and his colleagues.

Hon. Members from across the political spectrum have contributed to the success of this bid. Leading the Government's efforts have been the Prime Minister and my right hon. Friend the Secretary of State for Culture, Media and Sport. I know that I speak for all colleagues when I say that I have personally witnessed, as have we all, her extraordinary personal commitment in tirelessly championing London's cause. Officials at every level in her Department, supported from elsewhere in Government, have worked fantastically hard and with great skill.

My right hon. Friend the Secretary of State and my right hon. Friend the Minister for Sport have lobbied hard in Singapore. They were joined there on behalf of the official Opposition by the hon. Member for Faversham and Mid-Kent (Hugh Robertson) and on behalf of the Liberal Democrats by the hon. Member for Bath (Mr. Foster). On behalf of the Government and the bid team, I thank hon. Members for the enthusiastic cross-party support for the bid.

Today we can celebrate. From tomorrow, we start to realise the Olympic vision in our bid. The Prime Minister has already announced the appointment of my right hon. Friend the Secretary of State for Culture, Media and Sport as Minister for the Olympics. Lord Coe will become chair of the organising committee. Keith Mills will help to oversee the transition. Before the summer recess, the Government will introduce a Bill to set the statutory framework that we need to ensure the delivery of a successful games. Work to improve London's transport network will continue. A new Olympic lottery game will start soon. Tenders for Olympic-related work in east London have already been submitted and major contracts that relate to the games and the broader infrastructure will be concluded in the next few weeks.

Securing the games is one of the greatest international prizes for any nation. Like every hon. Member, I have always been proud of my country but today I am prouder than ever.

Mrs. Theresa May (Maidenhead) (Con): I thank the Foreign Secretary for prior sight of his statement. It is truly a pleasure to rise to the Dispatch Box today because it is a proud day, with a great result for London and for Britain. It is literally brilliant news.

Now is not the time for qualified praise or cautious welcomes. Now is the time for heartfelt congratulations and thanks to all those responsible for bringing the games to London. That includes the Prime Minister, who has proved that his schmoozing skills are truly of an Olympic standard. Thanks are due to the Secretary of State for Culture, Media and Sport and her ministerial team for all their hard work, to the Mayor of London, and, above all, to my colleague Lord Coe, who has proved an inspirational leader in putting our bid together. The efforts of his team have been astounding. I am sure that all my hon. Friends agree that the presentation that Lord Coe and his team made today in Singapore was truly inspirational.

I also offer our thanks to all the sporting organisations and individual sportsmen and women who have worked so hard to deliver a stunning result. Of course, the Olympics will provide a fantastic opportunity to showcase to the world all that is great about Great Britain: our country, history, music and culture, not forgetting our fine food and drink. I am sure that all the world leaders gathering today in Scotland for the G8 summit will be able to testify to the quality of British cuisine.

Naturally, we have some detailed questions about the preparations for the games, especially the Bill that will be introduced shortly. We want to avoid the overruns that occurred in Sydney and Athens and to scrutinise projects to ensure that the taxpayer receives value for money. We are keen to ensure that the concerns of residents and especially businesses in the Lower Lea valley are understood and addressed. We will want further guarantees about the ability to deliver the transport and infrastructure links on time and to budget. We are determined that mistakes such as the Dome and Picketts Lock must not be repeated.

When can the Government give us more detail about the organising committee and the compensation for businesses and home owners affected by the bid? Will the Government reconsider their decision to take a tax take on the Olympic lottery game? Will they fulfil their promise to establish a national sports foundation, which could be such a help to our budding Olympic athletes?

Those detailed discussions are for another time, especially as I am reliably informed that Stratford is still partying. Today is about celebration, optimism and hope. Above all else, we want to ensure that the games inspire our young people. Sport has the ability to motivate and enthuse young people in a way that is almost magical: the thrill of winning that race, the excitement of achieving things that young minds and bodies never thought possible, or simply the sense of joy from being part of a team. Those are things that too many children in our country lack and too many never experience. Many children could benefit hugely from the power of sport.

Conservative Members hope that, above all, we can use the games to inspire a new generation to run faster, leap further, reach higher: to believe that they can achieve their goals if they only dare to try. The power to ignite a spark in our country's young that will cause them to put down the video game or the iPod and take part in a sport could do more to deal with obesity than a million pages of instructions from the desk of an education Minister.

I hope that there are young people in the UK today who will now be inspired to achieve their sporting potential and—who knows—even to stand on the winners' rostrum in London's Olympics in 2012.

We can learn a great deal from this. Moments like this can unite nations and inspire us to see the power of the Olympic games to rouse people in a common and optimistic purpose. Today is indeed a great day, and I am sure that the London Olympics in 2012 will be truly the greatest sporting event in the world.

Mr. Straw: I thank the right hon. Lady for what she has said. I speak for all Labour Members when I say that I am delighted that so many people have contributed to

[Mr. Straw]

the success of the games, but there is no doubt that the man who made the greatest difference of all is her noble Friend Lord Coe. We should all recognise that. According to reports that I have received from, among others, my right hon. Friend the Secretary of State for Culture, Media and Sport in Singapore, one of the things that made the difference was the strength of Lord Coe's presentation, as the right hon. Lady pointed out.

The right hon. Lady asked a number of detailed questions, many of which will—I hope—be answered when the Bill is published shortly. Lord Coe will chair the organising committee, and alongside that but separately there will be an Olympic delivery authority.

The right hon. Lady is right to say that the Bill ought to have extensive parliamentary scrutiny. That does not constitute churlishness about the success that we have achieved today, but accountability and scrutiny will be a way of ensuring that what we have promised British young people—the British people, indeed, and the world—we will deliver, on budget and on time.

Sir Menzies Campbell (North-East Fife) (LD): I associate myself, and my right hon. and hon. Friends, with all that the Foreign Secretary said. I am not sure that I can match the lyricism of the right hon. Member for Maidenhead (Mrs. May). Perhaps I can content myself with saying that the Foreign Secretary and indeed the right hon. Lady were right to underline the part played by Lord Coe in ensuring that the games came to London.

The Foreign Secretary mentioned Craig Reedie, who, I believe, will retire this month, after 13 years as chairman of the British Olympic Association. He can hardly have expected to have a better basis on which to leave.

I truly believe, and hope the Foreign Secretary will accept, that the games have the capacity to leave an indelible legacy not just to London but to communities throughout the United Kingdom, and to our great sporting nation. As the Foreign Secretary pointed out, some of the events will be held outside London—and where better to hold a football event than Hampden Park, a destination for occasional hopeful pilgrims from Scotland? I hope that it will not be thought unduly selfish to say that, if golf is introduced in 2012, as has been suggested, I can envisage St. Andrews providing a proper opportunity for it.

London is one of the world's most diverse cities, with more than 200 communities and more than 300 languages. That cultural richness will provide a proper context for a package of cultural events surrounding the games, and those events in turn will help to enrich the Olympic movement.

Mr. Straw: I greatly welcome the remarks of the right hon. and learned Gentleman. It is fair to say that he is probably the only Member of the House who has had personal experience of competing in the Olympics, as he did in 1964 in Tokyo, and as he did in the Commonwealth games two years later. He is right that with opportunities come great responsibilities, and I repeat the point that I made a moment ago about the need for us to ensure proper scrutiny of the measures.

As we are handing out the compliments, I also want to underline my appreciation of my right hon. Friend the Secretary of State for Culture, Media and Sport, who has put in an astonishing amount of work, and of my right hon. Friend the Prime Minister, who, with all his other duties, not least those in relation to the G8, took the time to go early to Singapore, to lobby hard, and to fly back through the night to be ready for Gleneagles. That is a tribute to him. The collective effort tipped the balance and ensured that we got those 54 vital votes.

Lyn Brown (West Ham) (Lab): I can honestly say that I do not believe that representing West Ham will get better than it feels today. I am finding it difficult to express how overjoyed I am and what this means to the people of my constituency in terms of the jobs, opportunities and regeneration that will be brought to the area. We are absolutely delighted, and Stratford is still partying as we speak. I expect that the party will continue for the next seven years or so.

Will my right hon. Friend please congratulate on our behalf all those who are not important enough to be mentioned here today but who have played a vital and pivotal role in bringing the bid to a successful conclusion? I refer to people across London and the country, in local, regional and national Government, and in our communities and schools, including the children who sent their thanks, hopes and dreams to the International Olympic Committee and who did so well in representing this country's hopes and desires. Can we also make sure that the regeneration of the Olympic city brings to the east end, the rest of London and the rest of the country the revitalisation that is needed?

Mr. Straw: I thank my hon. Friend. Representing that area certainly will get better—it happens to be an area that I know well, as she knows, as I was brought up not far from Stratford. That part of London has long deserved a break and will now get it at long last. She is right to say that there are many others—too many to name—who deserve credit. This was a dream and an idea that from almost a standing start two years ago suddenly took hold of the east end and the rest of the country. Now that we have won the contest, we must deliver. One of the reasons that we won was the lasting legacy of the bid. We call it regeneration, but it is actually about transformation of an area, and above all transformation for the people of the area.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): As chairman of the all-party London 2012 group, may I add my congratulations to everybody concerned? I want to pay tribute to two people who have not been mentioned so far. A special tribute should be paid to Mike Lee, the communications director, who has done an astonishing job on little money, and whose contribution has been extraordinary. Alan Pascoe, another former Olympic medallist, has also done an extraordinary job. The team of past and present Olympic medallists have done a fantastic job in wearing the Union jack with pride. Today's vote was rather like a general election, and we have been rather good at those of late.

I want to ask three questions. First, could specialist sports schools become specialist Olympics sport schools, so that they can act as the hub for the Olympics in their communities and be used as the spoke from which we can build outwards, as that is what we need?

Secondly, for those of us who remember the celebration of the millennium, when there were more than 300,000 people in Hyde park and The Mall, would it not be wonderful to have an opening ceremony that set the 21st century alight, not just in the stadium but across London—and a party too? That would be the spirit in which we could ignite a party, and all Olympic cities could share in the opening night. That would be fantastic.

Finally, will my right hon. Friend bear it in mind that, when de Coubertin set up the Olympics, there were gold medals for music, art and poetry? That is something that we could redefine. If we can have Nobel prizes for literature, we can also bring back the spirit of art, music and poetry to the games for the 21st century.

Mr. Speaker: Order. Before the Foreign Secretary answers, may I say that this is not an opportunity for a speech. Hon. Members are supposed to be asking questions, so a brief supplementary is fine.

Mr. Straw: I thank my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) for what he said. He is right to pay tribute to Mike Lee and Alan Pascoe. I have seen their work myself. I shall make sure that his first suggestion is actively considered by my right hon. Friend the Secretary of State for Education and Skills, and the other two suggestions by Lord Coe's committee.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): As the Member of Parliament for an area that I believe and hope will materially benefit from the successful bid, may I ask the Foreign Secretary to pass my congratulations, and those of my constituents and the borough, to Lord Coe, our noble Friend, of whom we are very proud today? We congratulate him and all his team on their fantastic efforts in turning round what was once perceived as a bid with no hope into a bid that has won the day. I also remind the House that David Beckham was educated in my constituency, so it was clearly Chingford wot done it.

Will the Foreign Secretary ask the Prime Minister, whom we also congratulate, to come to the House immediately next week to make a statement, so that we can discuss fully exactly what happened when he met President Chirac at the G8? It is important to get that on the record. In the meantime, will the right hon. Gentleman pass on our congratulations on a fantastic bid?

Mr. Straw: I know Chingford well, as I was brought up just across Epping Forest, and the right hon. Gentleman and I are probably alone in resenting the slights on the heroes of Chingford, including David Beckham, whose skills are a testament to the education that he received. All the effort helped, including the effort that he put in. May I also say that President Chirac of France was magnanimous in what he said when he arrived at Gleneagles, in congratulation for Britain's and London's success. I hope that, as the Prime Minister has said, we would have been magnanimous had we, as many of us expected, been in the reverse situation.

Jim Dowd (Lewisham, West) (Lab): I endorse what my right hon. Friend has said and congratulate everybody involved in the bid. I ask him to pay particular regard to the role of Ken Livingstone and the Greater London authority. It just shows what happens when we give someone a proper job to do. I also remind him that Transport for London has done much of the work in devising schemes for introducing the infrastructure that will make the games such a success. Although the priority now is to ensure that, between now and 2012, we put everything in place for what I am sure will be the greatest games on earth, during that time, we should also ensure that we maximise the benefits for the rest of the country from the games, and more particularly the benefits for the community and the country as a whole long after the Olympics have gone.

Mr. Straw: I am happy to pay tribute, as I did in my statement, to Ken Livingstone and Transport for London. Another aspect of the bid, which is important to all of us, is the way in which it reaches out beyond London. I mentioned in my opening statement that certain cities—the Dorset port of Weymouth, for example—will participate directly in the games, as major activities will be based there. However, we want the whole country to benefit from the running of the games, as in the provision of practice facilities, which do not have to be in London. Indeed, in many cases, it would be better if they were not. We have discussed with the organisers over many months how even some of the physical facilities could be transferred to other parts of the country. A great deal of thought and effort is being devoted to that.

Rev. Ian Paisley (North Antrim) (DUP): May I, on behalf of the vast majority of people in Northern Ireland, congratulate those who worked so hard to do a difficult but fine job? We are all grateful to them. This is not the time to say other things, but I would like to ask the Foreign Secretary to take a leaf out of the Bible. In paradise there was a river that went into four heads, which together watered the whole earth. He made it clear in his statement that he does not intend to bring any of this good water—should I say holy water—to Northern Ireland. I hope that when we get to the Olympic year, Northern Ireland will be included and not left out, for this kingdom owes a lot to the people of Northern Ireland.

Mr. Straw: It does, indeed, Mr. Speaker, but the hon. Gentleman would be the first to say that we live in the United Kingdom and that we are all part of the whole, even though a small part of the territory is divided by some water from the rest. We won because of the immense enthusiasm of people across the United Kingdom. Let me say that we are very grateful for the enthusiasm that people in Northern Ireland have shown. I will also personally ensure that Lord Coe is made fully aware of the need for direct participation, if it is possible to achieve it, by people in the towns and cities of Northern Ireland.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I thank my right hon. Friend for his statement and wholeheartedly endorse the tributes that he rightly paid to all those responsible for delivering this magnificent result. It is a result that will be welcomed not just in areas such as my own that will host a number

[Mr. Nick Raynsford]

of Olympic events in 2012, but throughout the whole country. My right hon. Friend rightly focused on the importance of London's bid for regenerating an area in east and south-east London that has suffered disproportionately from unemployment and poverty. It is indeed important to seize those opportunities. I put it to him that it will be essential, in the creation of the many jobs that will result from our success, that every effort is made to secure employment and training opportunities for young people who are currently without a job in those areas. That will maximise the regeneration benefits.

Mr. Straw: I agree with what my right hon. Friend says. Sometimes in the past, infrastructural activities have employed many people, but not many local people. That was one of the criticisms made of early 1980s activity in Docklands, which was later righted. I hope and believe that the new authority as well as the organising committee will pay particular attention to the need to provide opportunities for local people.

Angela Watkinson (Upminster) (Con): As an outer-London MP, I look forward to and hope to see improvements to sporting facilities in some of the schools and clubs in my constituency, which should aid job creation in the construction and leisure industry. But—I am sure that the Foreign Secretary could hear the "but" creeping up on him—the Crossrail route conflicts with the London Olympic site at Pudding Mill lane. Does the successful bid mean that Crossrail is going to hit the buffers?

Mr. Straw: I shall have to invite my right hon. Friend the Secretary of State for Transport to comment in detail about that. I do not think so, but a Bill will be published shortly and there will be every opportunity to consider the matter in the House.

Joan Ruddock (Lewisham, Deptford) (Lab): I add my congratulations to those of all my colleagues on this successful bid. Will my right hon. Friend congratulate Transitions, the contemporary dance company from my constituency, which performed in Singapore this week? It was part of our triumph. I also ask him to ensure that London's diverse performing arts community is fully engaged and involved in the preparations for the games.

Mr. Straw: I am delighted to congratulate Transitions; its activity and the depth of diversity in London was another reason why we won this bid. We could honestly say that there was not a single country in the world participating in the bid that did not have residents in London who were able to turn up, as a ready-made part of the crowd, to cheer them on. I should also—as I meant to do earlier—thank the London schoolchildren who went to Singapore, who added to the strength and attraction of our bid.

Simon Hughes (North Southwark and Bermondsey) (LD): My hon. Friend the Member for Richmond Park (Susan Kramer) and I have particular reason to want to pass on our congratulations to the Mayor of London, whose vision for the east end has enjoyed cross-party support, and to which we subscribe. Does the right hon. Gentleman accept that one outcome of the result of this bid should be not only greater diversity in London by 2012, but greater social equality? As has been mentioned, may every school have a sports coach, so that every youngster has the opportunities that tonight they may be dreaming of?

Mr. Straw: I am sure that my right hon. Friends will consider the last suggestion. The hon. Gentleman knows Stratford, in the east end; I know it, too. This regeneration will itself lever up opportunities, and in doing so it will help to bring the equality of opportunity, and of living standards, that we all want.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I am pleased to tell the Foreign Secretary that businesses in my constituency have already won contracts for the preparatory work resulting from this bid, which shows how the entire country can get economic, as well as sporting, benefits from the games. May I urge my right hon. Friend to make certain that the organisers continue with the good work of ensuring that the entire country derives benefits from this successful bid? I should point out that Edinburgh has a lot of experience in hosting big events, particularly recently. May I also urge him to ensure that bringing these wider benefits to the entire country is one of the Government's priorities in building on today's wonderful news?

Mr. Straw: Yes.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): May I echo the congratulations offered to Lord Coe and his team, and thank the Foreign Secretary for recognising the cross-party support that has always existed for the bid? He will doubtless agree that one key element of our success was the Government's total commitment to the bid—from the very top—along with that of the Opposition. But does he also agree that the hard work is only just beginning, and that a successful games will require the continuing commitment of all Ministers and, indeed, of all parties in this House?

Mr. Straw: There has been a lot of hard work to get this far by everybody concerned and by all parties. But yes, we now have a real responsibility—a very heavy obligation—to ensure that the undertakings that we gave to the International Olympic Committee and to the people of Britain are delivered on. That will involve even harder work than we have undertaken until now—by Government, by Opposition, by everybody. We have got to do it.

Harry Cohen (Leyton and Wanstead) (Lab): I can disclose that I ran with Seb Coe—for a vote, when he was a Member of this House. Will the Secretary of State convey my congratulations to Seb Coe and his team, and to everybody involved in this successful bid? Will the Government ensure that the resources flow into east London without delay? We must keep control of construction costs, and in doing so it is important that we do not leave the work until the last minute. Also, will the Government give an early commitment that this will

be an Olympics for the many, not the few, and that ticket prices will be reasonable for east London residents and, indeed, for all UK residents?

Mr. Straw: Some of the funding arrangements have already been announced. Indeed, some of them had to be made clear to the IOC; had they not been, we would have had no chance in the bid. I could read them out, but I will not as doing so would detain the House. However, the one thing that I cannot do—my hon. Friend would not expect me to—is anticipate decisions that my right hon. Friend the Chancellor of the Exchequer will have to take in future spending rounds.

Mrs. Jacqui Lait (Beckenham) (Con): May I add my congratulations to the bid team? I assure the Foreign Secretary that I shall certainly remember where I was when the announcement was made because I was able to slip away to Trafalgar square, and it was a stunning and wonderful moment.

Will the Foreign Secretary ensure that the strong financial management with which the bid team secured our success will be applied, to the benefit of the UK and of Londoners in particular, to the legacies that will ensue in terms of sport, culture and transport?

Mr. Straw: Yes, we must ensure that that happens, otherwise we will not deliver either the games or the legacy. It is absolutely essential that we deliver both.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): I want to add my congratulations to the bid team, and I especially welcome the facilities that will be built at Hackney Wick in my constituency. Hackney has waited a very long time for the major transport improvements that will be in place by 2012. Will my right hon. Friend raise with other Ministers the matters highlighted by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford)? He spoke about the future employment opportunities for young people in his constituency, and the need to provide skills training for them. Will my right hon. Friend consider making the London games a real people's games by developing a mutual company, in which citizens of this country can buy shares and so fully take part in the Olympic spirit?

Mr. Straw: I shall certainly ask Lord Coe to consider my hon. Friend's final suggestion, although it assumes that the Olympic committee will make a profit. I do not have a briefing to that effect, but if she knows something that I do not, my right hon. Friend the Chancellor would like to hear from her.

I agree with her on the other points that she made. There have been many plans for improving transport in Hackney. On the whole, they have not been delivered, but at last they will be.

Angus Robertson (Moray) (SNP): On behalf of the Scottish National party and Plaid Cymru, I warmly welcome the news, and congratulate London on its successful bid. *[Interruption.]* As a London-born Scottish Nationalist MP, I speak on behalf of all my colleagues. I join in commending the IOC, Lord Coe and the bid organisers on their efforts, as well as the Government. Will the Foreign Secretary look closely at lottery and other funding streams to ensure that the London Olympics are the success that they should be, and that other parts of the country will not lose out?

Mr. Straw: The hon. Gentleman has made the very important admission that he was born in London. The parliamentary guide says only that he was born. *[Laughter.]* It gives his date of birth, but skims over the precise location very quickly. It states simply that he was educated at Broughton high school in Edinburgh. However, I think that the hon. Gentleman's revealing admission merits a wider audience among Scottish voters. He is a Londoner with a Scots accent.

I am very grateful for the approbation of the Scottish Nationalists and Plaid Cymru. As I have said, we will certainly do our best to ensure that the benefits of the Olympics, in the lead-up to the games and beyond, are shared across the UK.

Tom Levitt (High Peak) (Lab): Buxton community school is already established as a sports specialist school, and the St. Philip Howard school in Glossop will take on that status from October. Other colleagues have mentioned that the specialist schools present a framework on which excellence in the British team in 2012 can be built. However, they also noted that we must build on that framework soon. Does my right hon. Friend agree that we cannot wait and start building our Olympic team in five years' time, as the members of that team are in our schools today?

Mr. Straw: I accept what my hon. Friend says. Many hon. Members have sports specialist colleges in our constituencies, and those institutions have raised sports standards and educational standards as a whole. My right hon. Friend the Secretary of State for Education and Skills will be looking at further ways in which we can make use of the Olympic opportunity to raise sporting standards across the country.

Mark Pritchard (The Wrekin) (Con): I welcome the Foreign Secretary's comment that the games are not just for London, but what plans do the Government have for Shropshire? Lilleshall national sports centre is in my constituency, and the right hon. Gentleman will know that it is accredited by the British Olympic Association. I know that he listed Birmingham in his statement, but I encourage him to re-examine what he said, as I think that he overlooked Shropshire.

Mr. Straw: I am sure that I overlooked Shropshire. The centre will be used, but I am sorry that I cannot give specific details. I said earlier that all sorts of facilities—not only those that I mentioned—will be used as practice facilities at the time of the games and beyond.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): May I join my right hon. Friend in thanking all those who have worked so hard to ensure that we were successful in our bid for the games, especially my right hon. Friends the Prime Minister and the Secretary of State for Culture, Media and Sport? I also thank my right hon. Friend for mentioning that other cities would be involved in the bid and may I offer him the city of Birmingham, especially my constituency of Perry Barr where we have the Alexander stadium, the high

[Mr. Khalid Mahmood]

performance centre, the Beeches pool and the Perry Beeches school, four lots of playing fields, and Great Barr and Handsworth leisure centres, to ensure that the bid is a truly national bid?

Mr. Straw: It is, and Birmingham will be involved.

Mr. Nicholas Soames (Mid-Sussex) (Con): In the words of my right hon. Friend the Member for Maidenhead (Mrs. May), I am inspired to jump higher and leap further by this news. May I ask the Foreign Secretary to pass my warmest congratulations to Lord Coe? I am not in the least surprised, because he was my Parliamentary Private Secretary for two years. May I press on the Foreign Secretary the extensive equestrian arrangements in Mid-Sussex? As everybody else has asked for the Olympics to come to their constituency, I had better ensure that they come to mine.

Mr. Straw: I thought for one moment that the hon. Gentleman was about to offer to participate in one of the sports, without the use of a horse. I will of course ensure that his proposal is passed on to his former PPS.

Clive Efford (Eltham) (Lab): May I congratulate my right hon. Friend on his luck in being in the right place at the right time to make probably the easiest statement that any Minister has ever had to make? Some people may still harbour doubts about the bid. Some doubted whether we would win, but those who doubted that we should bid have been proven wrong. I was with 500 children from schools in Greenwich to hear the result announced and anyone who harboured doubts needed only to look at the expressions on their faces when the result came through to know what winning meant to them.

May I put down a marker? Up and down the country a community of people are involved in voluntary and not-for-profit organisations delivering sport to young people. They could become an army of ambassadors on behalf of the 2012 Olympics by encouraging participation in sport for all ages. When we put together our strategy for 2012, let us not forget those people.

Mr. Straw: My hon. Friend is right. As I said in my statement, one of many reasons why our bid won was the way in which it sought to reach out to young people beyond those who aspire to take part formally in the games, to encourage participation in sporting activity and exercise by many more young people and, for those not taking part in physical activity, to encourage volunteering and a sense of giving to other people in society. These games should make a big difference to that.

Dr. Vincent Cable (Twickenham) (LD): Does the Foreign Secretary accept that the real enthusiasm of many of my constituents—I represent another sporting mecca in south-west London—is tempered by some anxiety about costs escalating completely out of control as they did in Athens and at earlier games? When he said that the games would be delivered on time and within budget, was he confirming that the Government were planning that the costs would not rise above the £4.9 billion agreed?

Mr. Straw: I do not wish to disparage what Athens did, because the games were run successfully, but there are many differences between the offer that the Athens Olympics committee made and the offer that London made and in the basic infrastructure that each city started with. We have had experience of running if not games of this size, events such as the Commonwealth games. I was directly involved in much of that, as I have been in some of the planning for this bid. I cannot say for absolute certain whether the works will be completed on budget. They have to be completed on time—let us be clear about that; it is an absolute imperative—but the financial systems that are being put in place will be robust, as has been the planning that has already been done. I say again that I hope that the House, in its euphoria and enthusiasm for the bid, does not fall down on its responsibility properly to scrutinise the Bill, and that both sides of the House ensure that while there is no interference in the work of the organising committee and the authority, there is effective accountability of both those bodies.

Chris Bryant (Rhondda) (Lab): The Rhondda is a long way from the east end of London, but many youngsters swimming with the Rhondda swimming team at Ystrad baths and in Bronwydd will be excited at the prospect that they may be competing in the east end of London in 2012. In particular, the grandson of Alec Jones, one of my predecessors, hopes to take part as a triathlete, so there is a sense of excitement. Will my right hon. Friend confirm that one of the most important elements of the bid, which has not yet been mentioned much, was the Paralympic bid, and that Britain brought something important to the Olympic movement when it brought the Paralympics on board? Will he ensure that it remains important all the way through our success?

Mr. Straw: Yes I will personally ensure that. Indeed, throughout my statement, I sought to mention that it was a successful bid not only for the Olympics but also for the Paralympics.

Kali Mountford (Colne Valley) (Lab): Just as the joy and pride extends from London to the rest of the country, so the benefits should flow equally. My right hon. Friend has pointed out the training benefits and other Members have looked at how contracts can be won to benefit their constituencies. Will my right hon. Friend also look across Government at ways in which we can promote all the great British talents? I can indicate some in Yorkshire, especially in technology, science, design, textiles and the marvellous Yorkshire food that could be promoted by this opportunity.

Mr. Straw: Yes. We could put in a bid for only one place and that was London, although earlier bids went in from Manchester. We all had to get behind London. I had a direct Government interest in the Manchester Commonwealth games four years ago as well as an interest as a constituency Member of Parliament representing Blackburn, just 30 miles away. Among many other things, what was great about the

Commonwealth games in Manchester was the support we received from the rest of the country. Specific and tangible benefits will flow elsewhere, but we should be joyous about the fact that the games will come to the capital of the United Kingdom.

Mr. Richard Bacon (South Norfolk) (Con): Is the Foreign Secretary aware that the UK has produced a number of world champions in the sport of gliding and that were the British Olympic organising committee to decide on gliding as the new sport rather than golf, as has been suggested, South Norfolk, which contains the largest glider airfield in the country would be a very good place to do it?

Mr. Straw: As my hon. Friend the Under-Secretary of State for Culture, Media and Sport, the Member for Stalybridge and Hyde (James Purnell) says, that deserves a medal for ingenuity.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I give a total welcome to our successful bid, but may I ask my right hon. Friend to give two assurances? The first is that the resources and finance for the games will not be found at the expense of community sporting facilities and activities up and down the country, but rather that the games will be used as a basis to enhance community sport and the fight against obesity. The second is that resources will not be diverted from sporting facilities and activities in the regions. As my right hon. Friend has already said, the regions will benefit from the games, not least my city of Sheffield, with its magnificent sporting facilities, which, although they will not stage any of the events, stand ready to host one of the major training camps that will be held before the games.

Mr. Straw: It is not for me to announce future public spending decisions; as my hon. Friend will appreciate, that is for my right hon. Friend the Chancellor of the Exchequer. From discussions with my right hon. Friend the Secretary of State for Culture, Media and Sport, I know that she is concerned to ensure that expenditure on the games is, so far as is possible, seen as additional, but having won the games for the United Kingdom we cannot start to be competitive between one area and another. I represent a constituency that is even further away from London than my hon. Friend's, and it is my belief that the whole of the United Kingdom will benefit from the games.

Mr. Andy Reed (Loughborough) (Lab/Co-op): My right hon. Friend deserves to have given the statement this evening. Those of us who were lobbying before the Government backed the bid know of the important role that he played in chairing the Committee that gave the Government's backing to the bid. Without that Government backing, the bid would not have even got to the starting point. So it is important to recognise his role.

My right hon. Friend has already mentioned some of the places that will benefit—such as Loughborough university, which the Chinese team have already looked around and where they will probably base themselves—but does he recognise the role of the volunteering? I chair the National Strategic Partnership for Volunteering in Sport, and 26 per cent. of all volunteers in this country are involved in sport. If they cannot compete at the Olympics, they deserve the chance to volunteer.

For those who want to compete, however, is this not the opportunity to make a real step change in how we offer sport in this country—from schools and community sports to the elite performance centre at places such as Loughborough, Sheffield and Bath? Now that the country is behind us, is this not a golden opportunity to make a step change and to increase the funding—there is always a bit at the end—to match the aspirations that the British people now have?

Mr. Straw: I am very grateful to my hon. Friend for what he says. It has been a privilege to chair the Olympic Committee and to see the fantastic work done by others, including my ministerial colleagues and the Prime Minister, but I also thank my hon. Friend for getting at some of us to ensure that what was simply an idea two and a half years ago that perhaps we should have a go at bidding gradually generated into something that became a formal bid and will be the Olympics in 2012. He is right to talk about the opportunities. I think that they will be taken to improve even further our sporting prowess and success.

As for future funding, as my hon. Friend knows, that is a matter for my right hon. Friend the Chancellor of Exchequer.

Mr. Sadiq Khan (Tooting) (Lab): As a lifelong Londoner, I am extremely proud and joyous about today's decision. Does my right hon. Friend agree that one of the reasons for the success of the bid is that London is the most diverse city in the world? Does he agree that it is important that all our diverse communities benefit from the lead-up to the games, during the games and from their legacy? Finally, does he agree that this is a good example of the success of devolution because the person who planted the seed that led to the bid is the Labour Mayor of London, Ken Livingstone?

Mr. Straw: It is a good example of the devolution that we have introduced, but my hon. Friend makes an even more important point about diversity. London is the most diverse city in the world; but, given the breadth of its diversity, it is more at ease with itself than any other city that I can think of, so winning the bid was not just about numbers. Yes, we have had our difficulties in the past and, yes, things are not perfect; but, as I know, as someone whose London home is in the heart of one of the most diverse areas of this city, it has achieved far better and more relaxed relations than many others have been able to do.

Mr. Andrew Dismore (Hendon) (Lab): My right hon. Friend rightly acknowledges the great contribution made to the bid by London's diversity. Not only will every nation that comes to compete have its own home crowd, but does he agree that the diversity of London and, indeed, the whole country will dramatically contribute to the strength of our team competing in 2012, and that we are therefore much more likely to win many more medals than in the past?

Mr. Straw: Yes, to the first part of the question, and I hope so, to the second.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Environmental Protection

That the draft Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005, which were laid before this House on 17th March, in the last Session of Parliament, be approved.—*[Mr. Alan Campbell.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Northern Ireland

That the draft Colleges of Education (Northern Ireland) Order 2005, which was laid before this House on 28th June, be approved.—*[Mr. Alan Campbell.]*

Question agreed to.

PETITION

Make Poverty History

7.54 pm

John McDonnell (Hayes and Harlington) (Lab): Mr. Speaker, you have taken a personal interest in promoting the engagement of young people in the democratic process, so you will be pleased, as I am pleased and very proud, that I am able to present a petition drafted by the pupils of Dr. Triplett's primary school in my constituency of Hayes and Harlington. The pupils of class 3T, with their teacher Miss Caroline Thomas, this month discussed the Make Poverty History campaign, drafted the petition and went into their playground and secured the signatures of parents, teachers and others.

The petition of the staff, pupils and parents of Dr. Triplett's primary school, Hayes,

Declares that this week the members of the G8 have the opportunity to make poverty history by delivering crucial changes on trade justice, debt and aid.

The Petitioners therefore request that the House of Commons urge the Prime Minister to use his unique position and influence as G8 host to change the unjust rules of trade, cancel all the debt of all the poorest countries that need it and deliver at least $50 billion more in aid each year starting now, and make it work better for people in poverty.

And the Petitioners remain, etc.

To lie upon the Table.

NHS (Lincolnshire)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

7.56 pm

Mark Simmonds (Boston and Skegness) (Con): I am delighted to have secured this important Adjournment debate on Lincolnshire's national health service at a time when a vital range of services and facilities across the county appear to be under threat as a result of cost-cutting measures necessitated by a funding shortfall.

The United Lincolnshire Hospitals NHS Trust is one of the largest hospital trusts in the country and serves approximately 641,000 people. Last year, the trust treated 175,000 accident and emergency patients, 500,000 out-patients and nearly 100,000 in-patients. The trust provides a comprehensive range of hospital-based medical, surgical, paediatric, obstetric and gynaecological services from nine hospitals across Lincolnshire, two of which are in my constituency.

Pilgrim hospital in Boston is a large district general hospital, with a 24-hour major A and E department and a range of specialities. The other hospital in my constituency is the Skegness and district hospital, which is a 39-bed community hospital with a 24-hour A and E department that deals not only with local residents but with a high tourist influx throughout the whole year. The two hospitals treat about 73,000 A and E cases and 150,000 out-patients each year. The East Lincolnshire primary care trust, which covers my constituency and the other eastern part of Lincolnshire, caters for 275,000 residents of east Lincolnshire, providing a range of services including GP services, dental services, community pharmacy services and community nursing services.

I requested today's important debate as it has been announced that, across Lincolnshire, approximately 300 health service jobs are under threat, and five wards may be closed—one at Grantham and district hospital, two at Lincoln City hospital, and two at Pilgrim hospital in Boston in my constituency. In addition, up to three surgical wards will become day-case or short-stay wards. These proposals are understandably causing significant angst both in my constituency and elsewhere in Lincolnshire.

The Lincolnshire health service is already struggling to cope, and I fear, along with many people working within Lincolnshire's NHS, that these cutbacks would have a profound effect on the provision of local health care available to my constituents and the other people who reside in Lincolnshire. Staff at Pilgrim and Skegness hospitals, as well as health care workers and professionals across the county, are working tirelessly to provide the best possible service under challenging circumstances and conditions, and I would like to take this opportunity formally to thank them for all their hard work. Unfortunately, health care professionals and local residents across Lincolnshire fear that the provision of health care will suffer if jobs are lost and hospital wards are to close.

The exponential growth of Lincolnshire's population has put great strains on public services such as the NHS. From 1991 to 2001 Lincolnshire's population increased by 10 per cent. compared with the national average of

2.7 per cent. This is a significant—and, I believe, unrecognised—increase. The figure includes not only people retiring to Lincolnshire from the midlands, as they have done traditionally, but those moving to Lincolnshire from the south of England to take advantage of the significantly disparate house prices. The problems facing Lincolnshire's national health service are different from those in many other areas. Our county covers a comparably large and predominantly rural area, we have no motorways, and our public transport system is limited.

As well as a growing population, we have an ageing population. Some 22 per cent. of the population of east Lincolnshire is over 65, compared with 16 per cent. of the total UK population. Additionally, there is a considerable seasonal influx of tourists to the east Lincolnshire coast. There are significant pockets of socio-economic deprivation and a transient population who often work in the low-wage, low-skill agricultural and seaside economic sectors. All those factors mean that our community is heavily reliant on the local NHS sector, but the Government have failed to recognise Lincolnshire's specific needs and have thus underfunded the primary care trust and hospital trust, which has resulted in the situation that we face today.

Those factors have put added pressures and strains on Lincolnshire's national health service, but the service has received inadequate funding from central Government to maintain and expand its facilities. As a result, the NHS in Lincolnshire reported an £8.1 million deficit for 2004–05 and faces a £20 million shortfall in 2005–06. The United Lincolnshire hospitals trust and the East Lincolnshire PCT have considered ways of balancing their budgets and eliminating the shortfall, but have unfortunately concluded that they have no alternative but to make cutbacks to front-line services. I warned the House in a debate on 16 January 2003 that Lincolnshire's health service was in financial difficulty. Indeed, I cited the example of the West Lincolnshire primary care trust, which at the time had run out of money for that financial year and subsequently had to cancel many surgical operations.

During the 2004–05 financial year, the East Lincolnshire primary care trust had a specific shortfall of £4.5 million against an estimated revenue allocation level below the national average of £12 million a year. Finally—at last—the Government have recognised their consistently inadequate and unfair funding of Lincolnshire's primary care trusts and recently announced significant increases from April 2006. East Lincolnshire PCT will receive an increase of 13.6 per cent. in 2006–07 and of 12.4 per cent. in 2007–08. The requisite figures for the West Lincolnshire primary care trust are 9.5 per cent. and 10.5 per cent., and the figures for the Lincolnshire South West Teaching primary care trust are 9.1 per cent. and 10.3 per cent. Although that additional money is welcome, it will arrive too late to stop the cuts that are being talked about at the moment. I shall come back to what I believe should be done later.

It is important to put on record the interrelationship between primary care trusts and hospital trusts, because the underfunding of Lincolnshire's PCTs has a severe knock-on impact. The primary trusts have allegedly failed to fund adequately out-of-hours and GP services, so patients go to hospitals directly, unnecessarily, or via inappropriate referrals. As there is little provision to transfer patients out into the community, significant numbers of people are occupying surgical and medical beds. At Pilgrim hospital in Boston alone, 10 per cent. of the beds are occupied by people who should and could be in the community, rather than in acute beds. That happens for a variety of reasons, such as delayed discharges and because people are waiting for intermediate care, waiting to go to other, already full, hospitals or waiting for rehabilitation in the community. I accept and support the fact that there is an urgent necessity to increase community care facilities, such as emergency care practitioners and specialist nurses, and for investment in intermediary care facilities. Such facilities are not there today.

I cannot fathom how closing five wards throughout Lincolnshire, including two in Pilgrim hospital in my constituency, which amounts to 58 beds, will improve the situation. It is inexplicable. Indeed, a recent hospital trust press release highlights an existing significant shortage of beds that puts pressure on A and E services. It says:

"much of the pressure experienced in A & E is due to emergency admission patients waiting for beds".

The beds are not there.

In addition, there are concerns about the out-of-hours service across the country, and Lincolnshire is no exception. Although I recognise that the scheme may allow doctors to spend more time in their surgeries rather than driving long distances in the evening and the early morning, there are fears that the out-of-hours new practice is undermining GPs' contracts and contacts with the community.

Some GPs in Lincolnshire fear that the new system may even be dangerous, putting patients' health and safety at risk as a result of inadequate funding allocated to the new scheme. Only last month, the independent Healthcare Commission was asked to look into East Lincolnshire PCT's out-of-hours service, following specific GP criticism. Once initial inquiries are completed, the commission will decide whether it needs to press ahead with a formal investigation. I await, as my constituents do, its decision with interest.

I have one final issue to tackle—the new consultant contract. Sold as a plan to improve service provision by rewarding consultants fairly for all activities undertaken, it was poorly resourced from the outset. Indeed, it has achieved the inverse of the original objective. There is now a drive to curtail consultant activity down to a base level to save money by reducing consultant pay. That is inevitably having a detrimental impact on patient care and was a significant contributory factor to the shortfall within the United Lincolnshire hospitals trust. It is incredible that the Department of Health, as well as the strategic health authority, failed to foresee the problem.

In conclusion, will the Minister assess the viability of allowing the primary care trust to draw down money from next year to fund the wards at Pilgrim hospital as intermediate care wards so that no beds are lost, so that there is no diminution of service for my constituents and other Lincolnshire residents who use Pilgrim hospital, and so that the primary care trust has a facility within Pilgrim hospital to take the patients out of acute and medical wards? That would free them up and ensure that there is no impact on other essential services in Pilgrim and other hospitals across Lincolnshire.

[Mark Simmonds]

The Government of course blame the funding shortfalls on those working in the NHS. Will the Minister therefore explain why, if, as the Secretary of State stated on the "Today" programme, the funding shortfalls are all a mistake of the managers in the NHS, there have been no resignations by those responsible for the mismanagement? I am not talking just about Lincolnshire, because the problem is becoming prevalent in hospital trusts across the country.

The proposals to cut services and jobs in Lincolnshire's NHS are of significant concern not just to those who use the NHS, but to those who work in it. They will have a detrimental impact on health care provision and a negative impact on morale, and will exacerbate recruitment problems, which the Minister will realise are already serious in much of Lincolnshire. As a result of bed shortages, it may put routine and regular surgery at risk without community care facilities in place first. The Government were warned, but they failed to act in time to stop those cuts. The people in Lincolnshire now hope that they can take action to stop the ward closures and the talked-about job cuts.

8.8 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): I sincerely congratulate the hon. Member for Boston and Skegness (Mark Simmonds) on securing the debate and providing such a thorough analysis. He takes a keen interest in health issues in Boston and Skegness, and on 22 June he raised financial matters in Lincolnshire in private office correspondence with my right hon. Friend the Secretary of State for Health. I also congratulate my hon. Friend the Member for Lincoln (Gillian Merron), who has also raised health issues in the region with my Department. I know that she has discussed the matters at the heart of the debate with local bodies responsible for budgetary decisions.

I hope that the hon. Gentleman will indulge me as I briefly sketch out the backdrop to the debate. We are halfway through a 10-year plan to transform the NHS, turning it from the creaking service that we inherited in 1997 into a well resourced, patient-centred service that is fit for purpose in the 21st century. We are therefore introducing national standards, which, over time, will set out the entitlement to health care for residents, including the constituents of the hon. Member for Boston and Skegness. Those standards are backed by a tripling of health investment to £90 billion a year in the next few years. The changes are already delivering record falls in deaths from coronary heart disease and from cancer, and in the number of suicides. I pay tribute to the staff throughout the national health service for their work in securing those achievements.

The hon. Gentleman was concerned about the risk to services. I noticed in the Lincolnshire papers that I perused in preparation for tonight's debate some of the changes that are taking place in Lincolnshire and Lincoln. I was delighted to read of the outstanding performance of the accident and emergency department at United Lincolnshire Hospitals NHS Trust, which the hon. Gentleman mentioned. That department consistently sees 97 per cent. of A and E patients within four hours, which is a far cry from the days when people had to take a sleeping bag to A and E. Its performance is so good that it was awarded a special performance bonus of £100,000. I was delighted to read of the opening at Lincoln county hospital of £4.25 million-worth of specialist wards for elderly care and of a new stroke unit, which was opened by the Princess Royal. I was impressed by an innovative new scheme—the first in the country—devised by Lincolnshire Ambulance and Health Transport Service NHS Trust designed to alert the A and E department of patient details before the patient arrives. All those innovations were made possible by new investment.

The purpose of tonight's debate, however, is to discuss not what has been achieved so far but what needs to be better. At the heart of our deliberations this evening is the question of money. Lincolnshire is a beautiful county, and the hon. Gentleman's constituency is a beautiful place. I am a great fan of its church architecture in particular. The delivery of health care in Lincolnshire carries challenges which, while not unique, are rare. First, there is the demographic challenge, to which the hon. Gentleman alerted the House, particularly in the east Lincolnshire coastal area. Between 1999 and 2004, population growth peaked at 25 per cent. in the 57-year-old age group. As the hon. Gentleman mentioned, postcode analysis demonstrates that the majority of those people were relocating to east Lincolnshire from the former industrial areas of Nottingham, Leicestershire and south Yorkshire, with associated high levels of long-term conditions and health needs, which are reflected in mortality figures that are higher than those for the indigenous population. The rural nature of the county is also a factor. The cost of provider services in Lincolnshire partly reflects the complexities of delivering health services to a dispersed population. For example, the United Lincolnshire Hospitals NHS Trust runs five A and E departments, which serve a population of about 640,000 people with over an hour's drive time between individual sites.

To remedy that problem, the Government have introduced a new system of funding for local health care, which first creates a baseline of what local need looks like and, secondly, sets out a plan for increasing funding in different places to meet that baseline. That involves significant change for the hon. Gentleman's primary care trust, and I am grateful that he has recognised that. From 2003–04 to 2005–06, there is an increase of about £67 million, and in the next couple of years, there will be an increase of £87.5 million, making a total of £154 million by 2007–08. That should go a considerable way towards allaying concerns about change. That £154 million boost is not under-recognition, and it will have a major impact on our ability to finance innovations such as the new contract for consultants. We have always made it clear, however, that where there is new investment there must be reform. Central to reform in Lincolnshire is action to tackle the deficits in local health budgets, and I think that the hon. Gentleman made an excellent job of laying those out to the House. I would go slightly further and say that if no further action is taken and there is no reform ahead, the local health community forecasts that overspending this year will rise to about £13 million by the end of March 2006.

I am glad to hear that the reform required to accompany the extra £154 million investment now appears to be in hand. Central to that is ensuring that best practice in the rest of the country arrives in the hon.

Gentleman's constituency. It is clear, and it is accepted by local management, that the NHS in Lincolnshire has not moved far enough or fast enough in modernising service delivery. While there are pockets of excellent practice, too many services are still provided along a traditional model. In particular, far too many patients are transported and admitted to hospital, and once there they spend too long in an acute care setting.

Change in practice needs to be considered carefully, but the achievements to date should provide some measure of comfort. The hon. Gentleman said that the changes proposed were inexplicable, so I shall try to shed a little light on them. Over the past year, for example, United Lincolnshire Hospitals Trust has improved patient pathways across primary care, acute care and social services, enabling the average length of stay to be reduced from 7.9 days in 2003–04 to just 6.7 days in 2004–05. That is an 18 per cent. improvement in just a couple of years, which has allowed the trust to reduce its overall bed stock by 110 or 8.8 per cent. to 1,141 across all sites.

Crucially, that has been achieved without reducing the levels of service provision or activity at any of the sites operated by the trust. In fact, quite the opposite—over the same period the local health community succeeded in reducing the maximum in-patient waiting time not for one specialty, but for all specialties, including orthopaedics, to six months by April 2005, significantly ahead of the national target, which was December 2005.

Over the next year, 2005–06, the combined effect of a 5 per cent. reduction in emergency admissions, equivalent to seven patients per day across the whole of Lincolnshire, and a continued reduction in the length of stay to an average of 5.5 days, which is national best practice, will enable a further 143 beds to become free. Let me be clear: the reduction in bed numbers will not reduce local people's access to health services. If there are ward closures, they will be general wards and will therefore not result in the closure of any local specialties.

I want to go slightly further tonight and reassure the hon. Gentleman that reducing surplus beds does not form part of any current plans to reconfigure the status of individual sites. The only services that will be moving this year from Boston Pilgrim to Lincoln County are those being centralised in order to comply with guidance from the National Institute for Health and Clinical Excellence, particularly in respect of "Improving Outcomes" guidance for cancer services.

The response to the challenges that the hon. Gentleman sketched out are measures rooted in local consultation. The direction of travel, I understand, for local health service redesign in Lincolnshire was set out in two key local health community documents. The first was the Lincolnshire acute services strategy, which was developed and formally consulted on during the summer of 2003. Local community stakeholders, including expert patients, were involved in preparing the proposals. Consultation with patients was undertaken in the Boston locality to help develop the plans.

Secondly, all six NHS organisations in Lincolnshire, together with the county council, have developed a 10-year Lincolnshire health and social care strategic framework. That sets out the acute services strategy in a wider context and has been endorsed by all the trust boards. It was formally signed off in March 2005 by the Lincolnshire health and social care partnership board, which includes a cabinet member from Lincolnshire county council.

Beyond that, the path to balance is set out in the new community-wide financial recovery plan developed in partnership with the county council, among others. Change, of course, is difficult, but ultimately every community must decide what shape its local health service needs to take in order to deliver the standards that are set out nationally. There is a measure of cross-party consensus on this. It was the hon. Member for South Cambridgeshire (Mr. Lansley) who recently thundered to an audience that "we will stop trying to run the day-to-day health service from the desks of Whitehall".

I agree with him up to this point: that the NHS should not be micro-managed from Whitehall. The role of Health Ministers and the Department of Health is to secure adequate resources and to set out a strategic framework for the NHS to work within. It is right and proper that the decisions on prioritisation are taken locally, and we have put decision making where it needs to be—in the hands of the local NHS.

The quid pro quo, however, is that if we are to run services locally there must be local engagement and consultation. I understand that that is now happening. First, the local health community is working collectively and with partners to finalise the NHS financial recovery plan. Following a presentation of the emerging proposals to the Lincolnshire health and social care overview and scrutiny committee yesterday, a revised submission will be made to the SHA on 15 July. Secondly, the SHA has scheduled individual monthly progress meetings with the chief executives of East Lincolnshire PCT and United Lincolnshire Hospitals Trust, as well as a monthly review meeting with the chief executive of West Lincolnshire PCT to monitor cross-organisational actions. Thirdly, exceptional board-to-board meetings led by the chair and chief executive of the SHA have been arranged with the United Lincolnshire Hospitals Trust and East Lincolnshire PCT for 8 and 14 July respectively.

In summary, this is about the delivery of local services. We have increased funding for primary care trusts very significantly. It is now for PCTs to decide on their local priorities. All NHS organisations—I am sure that the hon. Gentleman would not demur from this ambition—must live within the resources that they are allocated. Although that may mean some service change, the overall direction of travel is towards investment in improving the NHS locally and nationally. That is changing the health and well-being of people in this country, including the hon. Gentleman's constituents.

Question put and agreed to.

Adjourned accordingly at twenty-one minutes past Eight o'clock.

House of Commons

Thursday 7 July 2005

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

10.34 am

The Leader of the House of Commons (Mr. Geoffrey Hoon): On a point of order, Mr. Speaker. The House will be aware that there have been a number of very serious incidents across London this morning. The relevant Ministers are currently meeting to assess and clarify the situation. A statement will be made at the earliest opportunity, but obviously it is important that they should have the opportunity of identifying precisely what has happened before they come to the House.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Further to that point of order, Mr. Speaker. We are grateful for that statement from the Leader of the House. Of course we understand that it will not be possible to make a statement at the moment, but we will be pleased to co-operate whenever the Government can do so.

Oral Answers to Questions

DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Single Farm Payments

1. **Andrew George** (St. Ives) (LD): What plans she has for the disbursement of single farm payments. [10106]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): As announced in February 2005, the Rural Payments Agency expects to start making payments under the new single payments scheme in February 2006.

Andrew George: At the NFU conference in February this year, the Secretary of State made it clear that the Government were minded to make interim payments to farmers under the single farm payments scheme to help the many thousands of farmers who will inevitably suffer cash flow problems, provided that they are within European rules, which has yet to be checked. Will the Under-Secretary confirm that such two-stage payments are permissible within European rules?

Jim Knight: We have not ruled out making an advance payment but it would need new EU legislation, something we are discussing actively with the Commission.

Mr. Lindsay Hoyle (Chorley) (Lab): I can assure my hon. Friend the Under-Secretary that the measure is very important to farmers all over country. The farmers in Chorley to whom I have spoken are very worried that the February cheques may not arrive and they need that cash flow. Will my hon. Friend ensure that if it looks like there will be a hiccup or that the cheques will not get there, there will be interim payments, without which those farmers will struggle during a bad time, coming up to Christmas?

Jim Knight: It remains our priority to ensure that we meet the target date of February of next year. That is what Ministers are actively focused on. Advance payment carries a considerable risk with changes to the new IT system, which have been the cause of some of the teething troubles. We are also in discussion with banks on the cash flow implications for their farming customers of implementing a new scheme.

Mr. Peter Atkinson (Hexham) (Con): I also support the demand for interim payments. The Under-Secretary may not be aware that, in the past few days, the price of fat stock has collapsed by 10 per cent. If that continues until the big sales in the autumn, livestock farmers, particularly upland ones, will have a serious cash flow problem. If there is a delay in the single farm payment cheques, farmers will have serious problems.

Jim Knight: There is not much else I can add for the hon. Gentleman. Obviously, I take seriously what he says about his constituents, and hill farmers in particular, but we are focused on achieving the February target that we have set. We are also mindful of the difficulties that farmers are facing and we are having the discussions I talked about earlier.

Mr. David Drew (Stroud) (Lab/Co-op): It is good to hear my hon. Friend say that this matter is being given the correct priority. At my rural issues task force meeting on Friday, this was the most important issue to be discussed. A representative of the banks was there and indicated that the Government were asking whether the banks might lend money to farmers free of interest. That is a novel idea that we could examine in other fields, but as long as we can get the message out to those farmers that we will make those payments, a lot of the fears will be assuaged.

Jim Knight: As ever, I am grateful to my hon. Friend and I pay tribute to his work in liaising with farmers in his rural constituency and in keeping the House up to date with these matters.

Dr. William McCrea (South Antrim) (DUP): Will the Minister comment on the recent attacks on single farm payments by the Government and will he assure us that that will not hinder any of the payments?

Jim Knight: If I heard the hon. Gentleman correctly, he was suggesting that the Government were attacking the single farm payments scheme. We are not. Obviously we are discussing CAP reform in the wider context of the European finance settlement and we are doing that in the interests of the country, of farmers and of European citizens.

Mr. James Paice (South-East Cambridgeshire) (Con): The Minister referred to the February target date. He will be aware that the Government's target is to start paying in February, but to pay 96 per cent. by the end of March. Does he accept that most farmers therefore assume that they are looking at March at the earliest, rather than February? Is he aware that some of the single farm payment money has been hived off, or modulated off, to pay for the entry level scheme, and that that scheme, too, is in absolute chaos? Farmers who asked for help six months ago still cannot make their applications. Not only are they facing a delay in their substantive single farm payment, their access to the other money—they see that money as theirs by right because it was originally modulated off—is being delayed even further into the distance. How much longer do we have to wait before the Government make a decision stemming from the remarks that the Secretary of State made at the NFU conference six months ago?

Jim Knight: My right hon. Friend the Secretary of State has made no secret of her anger and frustration at some of the delays. As and when we have something to announce with certainty, we will do so. However, as things stand for both the entry-level scheme and the single payments scheme, we remain committed to the February payment.

David Taylor (North-West Leicestershire) (Lab/Co-op): Like many MPs with rural constituencies, I frequently meet National Farmers Union representatives over a quarterly cycle. Could the Minister clarify for those who raised the point with me at our last meeting whether it will be possible to buy or sell land or entitlements after the single payments scheme has started?

Jim Knight: I might have to get back to my hon. Friend on that question. Some of the complex aspects of the single payments scheme leave me a little perplexed at times, and that is possibly one of them.

Greenhouse Gas Emissions (EU)

2. **Mr. Jeremy Hunt** (South-West Surrey) (Con): If she will make a statement on greenhouse gas emissions in the EU. [10107]

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): Latest figures show that the original 15 EU members had reduced their greenhouse gas emissions in 2003 by 1.7 per cent. compared with the Kyoto base year and are on track to meet their combined Kyoto target of an 8 per cent. reduction through planned policies and measures and use of the Kyoto mechanisms. The enlarged EU had reduced its emissions in 2003 by 5.5 per cent. compared with 1990.

Mr. Hunt: Does the Secretary of State agree, given the relatively slow progress being made by the EU towards meeting its Kyoto targets, given that yesterday President Bush once again affirmed that he would not be prepared to accept compulsory emissions targets for the United States, and given that the developing world has consistently said that it will prioritise economic growth over environmental targets, today's discussions at Gleneagles are more about rhetoric than reality? Does she accept that when it comes to securing a global consensus on emissions targets we are going backwards, not forwards, instead of going "Forward, not back"?

Margaret Beckett: No, I do not agree. What is more, I am surprised that the tone of the hon. Gentleman's voice suggests that he would take pleasure from such an outcome. It is definitely not in the interests of the world either for there to be discouragement of attempts to reach agreement to move things forward at Gleneagles or for there to be anything other than a warm welcome if we are able to achieve such movements. It is certainly recognised outside the United Kingdom—whether or not it is recognised here—that already in this G8 year this country has done an enormous amount to put the issue of climate change much more prominently on the agenda of leaders across the world and to engage, for example, the Chinese, Indian and South African Governments and others much more fully in discussions about what the global community can do to tackle those problems than has ever been the case before. I think that the whole House will welcome that: it certainly should.

Norman Baker (Lewes) (LD): The EU is definitely taking steps to reduce greenhouse gas emissions and I am sure that the EU states at Gleneagles will argue for a strong post-Kyoto regime as a way forward on the issue. We all want the US to sign up to such a regime. However, I suspect that the choice will be between a coalition of the willing, excluding the US, signing a strong agreement to tackle climate change, and an agreement watered down so far—so that the US can sign up to it—that it is almost meaningless. Which would she prefer?

Margaret Beckett: What I would prefer is for the G8 to reach a consensus at Gleneagles on something that is strong enough. That will not, of course, satisfy those who have set high and ambitious goals—in some cases, perhaps, deliberately and in others through lack of understanding—that there is no prospect of the G8 talks securing. We are anxious to achieve three goals. First, we want an acceptance—whatever the precise wording or exact phrases people are prepared to sign up to—of the direction of travel and that this is a major and significant problem that requires urgent action. Secondly, we would like a plan of action to cut emissions, not just to set targets for cutting emissions, on which the G8 could agree. Thirdly, we would particularly like to achieve an agreement to have a forward dialogue about what we do after the first Kyoto commitment period, in which so far no one in the developed or developing world has yet been prepared to engage.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Most of us who want action on tackling climate change hope that agreement will be reached at Gleneagles, and recognise the work that my right hon. Friend the Prime Minister has done to put the issue on the agenda of that meeting. Whatever happens at Gleneagles, Britain clearly has the opportunity to set the tone for the EU for the next six months and beyond. Will my right hon. Friend confirm that it remains the

British Government's view that environmental sustainability goes hand in hand with economic reform as one of the top priorities for the next six months, and there is no way that we should be required to choose between them when setting the direction of EU policy for our presidency and beyond?

Margaret Beckett: I strongly share that view, as do the Government. That is a point of view and a track record that we strongly commend to the rest of the world. Whether we like it or not, many countries have significant energy needs and could have a significant impact on climate change, but they might be less prepared—or not prepared at all—to act if they thought that they would have to sacrifice the opportunity of developing or, indeed, of feeding their populations. We have to make it plain to them that they do not face that invidious choice, because they can do both.

Richard Ottaway (Croydon, South) (Con): I recognise that the Government have had considerable success in moving this matter up the political agenda. The right hon. Lady will acknowledge that there is a gulf between those who agree that the planet is warming because of mankind's actions, and those who do not. Has she considered setting up some form of research, possibly jointly with the G8 or the EU, to get the world's finest scientists to try to nail down whether mankind is causing global warming? If there were such research, it would carry the authority to enable the Secretary of State to make progress on the matter.

Margaret Beckett: I am grateful to the hon. Gentleman for his support for the goals that the Government have set. I take his point, but in many ways that was what we sought to do through the conference that was convened in Exeter in February—which perhaps did not receive as much publicity as it should have done, because there was rather a lot of publicity about some potential elections. There is no doubt that the conference advanced our understanding that the threat is more substantial and more immediate than previously imagined, and that it will cost less to tackle it than we had previously thought if we begin early enough. That is both an encouraging and a discouraging message. Only a few days ago, the national academies of science of every G8 country and China, India and Brazil produced a strong joint statement about their belief that climate change is happening and is man made. Through our G8 and EU presidencies, I hope that we will be able to take action to tackle it.

Mr. Oliver Letwin (West Dorset) (Con): I share the Secretary of State's hope that the discussions at Gleneagles today will produce a way forward that leads to a process, at least, that leads in turn to agreement on action by China, India, Brazil and perhaps the US, as well as the EU. However, the Secretary of State will recognise that the EU also needs to be seen to play its part. While she is undoubtedly right that there has been some slight progress, she will also recognise that the EU has not made great progress. I hope that she also agrees that the UK needs to play its part if it is to take a leading role. Does she accept that at the moment the UK is not reducing carbon dioxide emissions at anything like a satisfactory rate and that more Government action will be required in the coming years?

Margaret Beckett: Of course, we all want the EU to meet its targets and commitments. Indeed, one of the things that we will do during our EU presidency is try to focus attention on the degree to which that is happening.

The signs are more encouraging than the right hon. Gentleman suggested, however. About 15 member states, including the United Kingdom, are expected to either meet or exceed their individual Kyoto targets, without taking into account the impact of the EU emissions trading scheme, which we cannot yet quantify. Indeed, in the wider EU, another nine countries are on track to meet their Kyoto targets. The United Kingdom has already met its Kyoto target for greenhouse gas emissions—something that is often overlooked—several years ahead of time. We are on track, even in present circumstances, to exceed our Kyoto target to the degree that the latest predictions are that our greenhouse gas emissions will be down by 20 per cent., not 12.5 per cent., by 2010.

None the less, the right hon. Gentleman is absolutely right that, although we have done better on other greenhouse gases, we have a continuing problem with CO_2. That is why we are having a review of our climate change programme at the present time to get us back on track. I hope that we will able to show the House that we can do so and that we will have the support of the whole House in that.

Mr. Letwin: The Secretary of State will certainly have the support of the Opposition in taking measures to address the CO_2 problem, which I am glad she acknowledges. Does she also acknowledge, however, that her Department needs to play its role in a coherent fashion? If she does, can she explain why the Warm Front programme, which her Department sponsors and pays for and which is doing excellent work in relieving fuel poverty and insulating houses, is also subsidising the introduction of oil-fired central heating? At the same time, the clear skies programme is funding a joint venture involving the same organisation that runs Warm Front to institute photovoltaics. Why is the Department sponsoring at the same time something that increases CO_2 and also something that reduces it, rather than melding the two?

Margaret Beckett: Although the right hon. Gentleman is right to identify that my Department funds the Warm Front programme, we do not run it ourselves; we run it through companies and agencies. Without knowing the precise circumstances to which he alludes, I cannot know whether there were specific and valid reasons why oil-fired central heating might have been pursued in a particular case, although I can certainly say, for example, that I have lived in a place where there was no gas supply and very few other options.

I cannot comment on a specific case without knowing the circumstances, but it is certainly the case that through the Warm Front programme, and in any other respect, we attempt to be consistent and to ensure that we meet our own goals.

Clean Neighbourhoods and Environment Act

5. **Tony Baldry** (Banbury) (Con): If she will issue guidance making clear which parts of the Clean Neighbourhoods and Environment Act 2005 are in force and which have yet to come into force. [10110]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Guidance was issued on 6 June and is available on DEFRA's website.

Tony Baldry: Many articles were placed by the Government before the general election indicating that they were tackling all sorts of environmental crime, including litter, chewing gum on the pavements, people repairing cars on the streets and other such stuff. Expectations were raised and people expected local authorities to act. The only problem is that most of the really sexy stuff—the stuff with teeth—does not take effect until 2006 or 2007, so people are getting very frustrated and they are blaming local authorities, which are also getting frustrated. Will Ministers make clear which bits of the 2005 Act are in force today and which bits will come into force in 2006 and 2007, so that people do not have frustrated expectations about which bits of environmental crime will be tackled?

Mr. Bradshaw: It might take me rather a long time to read out the whole list of which bits come in when. I do not know where the hon. Gentleman gets his idea about 2007, as all the provisions will have commenced by April next year. The provisions that have already commenced include those on litter, adverts, waste and noise. In October, there will be further commencements on abandoned vehicles, and more on waste and crime and disorder. As I said, the rest of the measures will all have commenced by April 2006.

Dr. Alan Whitehead (Southampton, Test) (Lab): I welcomed the passing of the Clean Neighbourhoods and Environment Act 2005, unlike certain people in this Chamber, but I am concerned about the speed of implementation and about what is being implemented. I asked a written question about section 2 of the Act and it was transferred to the Home Office. I am unclear as to which parts of the legislation are the responsibility of DEFRA and which are not, and I ask whether clarification might be made available to ensure that implementation across the board can proceed in an orderly fashion.

Mr. Bradshaw: I would be happy to provide my hon. Friend with the clarification for which he asks, but I say to him and to other hon. Members that it it is not unique that some of the provisions of Bills passed in this House have to be implemented through regulation or secondary legislation. That process requires proper consultation, as I think hon. Members would expect. The details of the provisions of the excellent 2005 Act extend across a number of Departments—the Home Office, the Office of the Deputy Prime Minister and local government—and it will involve consultation with other Departments. I hope that he will join me in applauding the provisions of the Act. As I am sure he will agree, local environment issues are high on people's agenda.

Biscuit Industry

6. **Mr. Gordon Prentice** (Pendle) (Lab): What steps she is taking to support the biscuit industry in relation to the new EU sugar regime. [10111]

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): The UK biscuit industry needs to be able to buy its raw materials at similar prices to others on the world market. We will therefore be looking for substantial price cuts and increased competition as key elements in an EU sugar reform agreement.

Mr. Prentice: My right hon. Friend will know that in Pendle we have a celebrated biscuit maker, Farmhouse Biscuits, which exports its tasty biscuits throughout the world. It does so, however, with one hand tied behind its back, as it has to pay £450 a tonne for EU sugar, while it could buy world sugar at £150 a tonne. Even with the proposed changes in the EU sugar regime, Farmhouse Biscuits will still be paying more for EU sugar than it could get on the world market. I press my right hon. Friend to do something about this matter, because we are now importing more biscuits, cakes and confectionary into the United Kingdom than we are exporting—and that is not very good.

Margaret Beckett: I am grateful to my hon. Friend because he not only makes a very powerful point, but gives a perfect example of why the issue of sugar reform is important much more widely than among groups that are usually quoted in respect of their views and understandable concern about the impacts of potential reform. He is right that even if the reforms went through entirely as proposed by the Commission, EU sugar prices would still be twice the world price. That gives a clear picture of why the regime is unsustainable and has to be reformed. I realise that it will be only a crumb of comfort to him to know that the price comes down by a third.

Miss Julie Kirkbride (Bromsgrove) (Con): I entirely endorse what the Secretary of State has just said and I welcome very much the reform of the EU sugar regime. Can she guarantee to the House that that reform will include, at the very least, an end to the export subsidies on sugar, so that where we do export sugar, it is not putting third world farmers out of business?

Margaret Beckett: I am grateful to the hon. Lady. It is very much part of our goal and our wish to see export subsidies as a whole phased out. She is right to identify that one of the areas of concern is the impact of long-needed reform on growers in African, Caribbean and Pacific countries and the least-developed countries. She will probably know that, alongside proposals for the sugar regime, there were proposals for an action plan to help those countries. During our presidency of the European Union, discussions on sugar reform will be on the agenda of every meeting of the Agriculture Council. One of those meetings will indeed hear from ACP and other such producers that are affected.

Flooding (North Yorkshire)

7. **Mr. John Greenway** (Ryedale) (Con): What assistance her Department is providing for areas of North Yorkshire recently affected by flooding. [10112]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): We will assist farmers by applying animal health rules sensibly and considering reinstatement of walls and fencing necessary to maintain environmental objectives. The North York Moors national park authority is proposing to submit a specific bid to DEFRA for funding for the flood damage, and that will be discussed when we receive it in more detail. The Bellwin formula is also available for those who qualify.

Mr. Greenway: I am grateful to the Minister for that encouraging reply. Areas around Snilesworth moor and Arden moor, north-west of Helmsley, have suffered utter devastation. Trees have been uprooted and up to 50 miles of walls and fences have basically been destroyed. Much of that was paid for by Government grants, so Ministers have an investment. The hill farmers cannot afford to pay to put right the damage. We have established an emergency fund locally, and I hope that the Government will make a significant contribution to it.

Mr. Morley: I express my sincere condolences to all the people who were affected by the recent floods in north Yorkshire. We are trying to be as sympathetic as we can in relation to the response. As I have outlined, the Rural Development Service will be talking to the national parks and the farmers, and we will be looking at the force majeure rules to see what we can do to assist.

Mr. Michael Foster (Worcester) (Lab): My hon. Friend will know that properties in north Yorkshire and elsewhere that are at risk of flooding will be listed on the Environment Agency flood map and other maps produced by organisations such as Norwich Union. At a meeting that I attended yesterday in my capacity as chair of the all-party flood prevention group yesterday, the Office of the Deputy Prime Minister informed me that in home information packs for home sellers, flood risk does not have to be declared whereas risk of mining subsidence does. May I urge my hon. Friend—I know that it is a controversial and difficult subject affecting 2 million properties—to urge the ODPM to give flood risk and mining subsidence equal treatment?

Mr. Morley: My hon. Friend makes a good and important point. We talk to the ODPM on these issues at regular intervals. Flood risk maps are publicly available, and I recommend that people see whether their home is in a flood risk area. I understand my hon. Friend's point, which is a serious one, and we will certainly give it thought.

Miss Anne McIntosh (Vale of York) (Con): The Minister will be aware that the flood damage not only caused devastation in villages in the Vale of York but affected properties in Thirsk that were flooded less that four years ago. Will the hon. Gentleman bring forward the flood alleviation scheme for Thirsk? As regards properties such as the dental practice that has been told that it is simply uninsurable, what help can the Department give with the insurance industry?

Mr. Morley: Again, I express my condolences to people who are affected in Thirsk. The hon. Lady and the hon. Member for Rydale (Mr. Greenway) have asked to have a meeting with me, and I shall be only too pleased to arrange that. We will then be able to discuss some of these matters in more detail. The schemes are brought forward not by DEFRA but by either local authorities or the regional flood committees. I understand that there are proposals for a scheme in Thirsk, and I shall be happy to discuss that in more detail.

Bovine TB

8. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): How many cattle were slaughtered in the last recorded month as result of bovine TB. [10113]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Latest provisional TB statistics for Great Britain indicate that 1,964 cattle were slaughtered as bovine tuberculosis reactors or direct contacts in May 2005.

Daniel Kawczynski: I thank the Minister for that reply. I met a farmer recently in my constituency, in the village of Cruckton, near Shrewsbury. He was so desperate about TB that he allegedly shot a badger. He got into terrible trouble with the local police. There is an effective moratorium on the granting of licences for the killing of badgers. This is putting farmers such as my constituent in a terrible position. I ask the Government to look at the matter again and to relax the granting of licences for killing badgers.

Mr. Bradshaw: I have every sympathy for the farmer to whom the hon. Gentleman refers. If he proposes relaxing licensing conditions to allow individual farmers at a local level to obtain licences, I must point him to the evidence of our badger culling trials, which show that the localised limited culling of badgers makes the bovine TB situation worse. The hon. Gentleman is wrong to imply that there is no badger culling going on at present. More culling is taking place under our own trials than took place when the Conservative party was last in office.

Mr. Anthony Steen (Totnes) (Con): Given that badgers, as the Minister knows, caused more cattle tuberculosis in Devon last year than the number of cattle that were destroyed during the foot and mouth outbreak, will the hon. Gentleman please consider lifting the protected status of the badger?

Mr. Bradshaw: The hon. Gentleman seems to be advocating lifting the protected status, which would allow a sort of free-for-all, not proper strategic control, which we are considering. We certainly have not ruled that out. This week, the National Farmers Union published its paper outlining how it would like the Government to proceed. We welcome that as a

contribution to the debate and we are considering the paper carefully. We are conducting our own cost-benefit analysis on badger culling, based on the recent Irish trials, and we hope to be able to say more on this by the autumn.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): During the NFU conference in February, the Secretary of State responded to a question on this issue. The people in the hall were rather underwhelmed by what she said. This matter has been going on for so many years. Every vet will say that there is a definite connection between bovine tuberculosis and badgers. When will we see a properly structured selective cull? It is all very well talking about receiving evidence from here, there and everywhere, but we are five or six years down the road and nothing has happened. Money is being wasted on destroying cattle and it is a matter of the Government sitting on their hands. It may be unpopular to kill off some badgers, but at some point the Government will have to grasp the nettle, and a proper selective cull will have to be introduced, which in effect will assist the species.

Mr. Bradshaw: As I have said on many occasions, the Government are not shying away from difficult decisions on this matter. The hon. Gentleman uses the term "selective cull". What does he mean by that term? There is currently no live test for bovine TB in badgers. So any cull, by implication, would not be selective. As I have said repeatedly before the House, we are not ruling out badger culling. However, any decision on badger culling must be based on sound science. We must be satisfied that it would be cost effective, would work and would be practicable.

Norman Baker (Lewes) (LD): Does not the Minister recognise that bovine TB has become an extremely serious issue for farmers, particularly in the south-west and Sussex? It is a big animal welfare problem as well, for both livestock and badgers. Does the hon. Gentleman accept that farmers believe that the Government are kicking this issue into the long grass and not taking early decisions when they could do so? Is it not time that funding was made available for pre-movement tests for cattle movements and a proper test to ensure that we control the badger population where there is an identified link with bovine TB and that population in particular areas?

Mr. Bradshaw: I note the hon. Gentleman's suggestion that more taxpayers' money should be spent on paying for the costs of pre-movement testing. I do not agree with that. It goes against the way that this country and all other countries are moving towards more cost-sharing on animal disease in agriculture.

I do not accept the suggestion that the Government are kicking the matter into the long grass. We must move forward on the basis of sound science. It was only early this year that the Irish trials were peer reviewed. As soon at that review took place, I set in motion a cost-benefit analysis to analyse those trials. As I have said, the NFU only this week presented its own document setting out its suggestions. I do not think that the hon. Gentleman would expect the Government to respond to that document within two days.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Since the Department was set up in 2001, what has been the total cost to the taxpayer of TB?

Mr. Bradshaw: I cannot give the right hon. Gentleman the cumulative cost off the top of my head, but I can tell him the cost for the last financial year for which figures were available. The overall cost for TB in the year 2003–04 was £88 million.

Mr. Oliver Letwin (West Dorset) (Con): The Minister has explained how serious a financial problem this is. Many Members on the Opposition Benches have explained what a crisis this is for farmers. We all accept that he needs to operate deliberately and sensibly. Does he accept, however, that patience is wearing very thin and that as time moves on, farmers and those concerned with animal welfare will not tolerate endless studies? Will he give the House an undertaking that by the time we reach the autumn he will be taking the action that his study shows is necessary?

Mr. Bradshaw: As I have already said, we hope to complete the cost-benefit analysis by the autumn. I do not think that it would be right for me or any other Member to prejudge the outcome of that study.

Environmental Regulation

10. **Mr. Andrew Turner** (Isle of Wight) (Con): What her estimate is of the cost of environmental regulation in the last year. [10115]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): The Department is committed to reducing the administrative burden of regulation on businesses by at least 25 per cent. over the next five years. We will establish a baseline cost of administrative burdens by May 2006.

Mr. Turner: I notice that the Minister cannot answer the question. It will not surprise him that I refer to Sue Hemmings's pet crematorium and pet cemetery in my constituency, where five animals a year are buried. She faces licence application fees of £6,000 and £1,100 a year. Sir John Harman, chairman of the Environment Agency, has written to me, recognising that this all seems disproportionate in terms of the scale and risk of Mrs. Hemmings's operation. I thank him and his officials for looking for a way round those absurd fee levels—but he also tells me that the Secretary of State approved the ludicrous fees. What planet does she live on if she does not recognise the impact that those astronomical and unjustifiable fees will have on small businesses with tight margins?

Mr. Morley: There are two issues here. Regulation is important and has a sensible role, in relation to pet cemeteries as well as other things. The other issue is the cost. It is not unreasonable to examine the costs to see whether they are proportionate. Of course there has to be an element of inspection and management, and it is

not unreasonable that people who are part of what is being inspected should contribute towards that. That is a fair distribution of burdens. However, I understand the hon. Gentleman's point, and the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Exeter (Mr. Bradshaw), has been talking to the Environment Agency about whether the costs are proportionate to the size of the business and the risks involved.

Mr. David Chaytor (Bury, North) (Lab): I want to ask about the regulatory regime for recycling plastics, because in my constituency one company, a significant employer, imports waste plastic from the Netherlands because that is cheaper than buying it in the UK, and another company exports waste plastic to China because that is more profitable. Does my hon. Friend accept that that is economic and environmental lunacy, and will he have another look at the regulatory system that leads to such anomalies?

Mr. Morley: In this case, the cause is not so much the regulatory system as the workings of the market. Like my hon. Friend, I would much prefer recycled plastics to be used in our own country, but I am glad to see that more and more plastics are being taken out of the waste stream; that is extremely desirable. The fact that there is strong demand in China that underpins the market has some benefits in terms of keeping the market going and developing it. Specific kinds of plastics may be available in other countries that fit the demands of some of the processes here. The waste and resources action programme is considering the whole issue of plastics and the market for them, and I am sure that it will address some of my hon. Friend's points.

Mr. Nigel Dodds (Belfast, North) (DUP): The Minister will be aware that in the continuing absence of devolution and the Assembly in Northern Ireland, matters such as environmental regulation and the costs thereof fall to be considered by this House. Will he therefore liaise with his counterparts in the Northern Ireland Office so that we can have as wide a debate as possible on the cost and effect of environmental regulation in Northern Ireland, where it needs to be brought much further up the agenda?

Mr. Morley: I assure the hon. Gentleman that as a ministerial team, we all talk to our counterparts in the Northern Ireland Office. Many of the concerns that have been raised in this House are concerns in all parts of the United Kingdom, but Northern Ireland has its specific issues. It has made good progress in certain areas of regulation and waste management. I very much hope that we will see devolved government reinstated in Northern Ireland, and it is incumbent on all of us, from all parties, to do all we can to ensure that that happens.

Bill Wiggin (Leominster) (Con): The Minister said that regulation was important, so perhaps he will turn his attention to the implementation of the new hazardous waste regulations, which make the Environment Agency responsible for monitoring producers of hazardous waste who register through the bulk e-mail system. The system was supposed to be ready in May or June. Why is it still not available? That leaves companies unregistered and, potentially, hundreds of tonnes of hazardous waste uncollected.

Mr. Morley: I am not absolutely clear what point the hon. Gentleman is making, but I shall be happy to look into that situation. My understanding is that the regulations have been implemented and are being applied to operators of landfill sites and producers of hazardous waste. I am sure that the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Exeter (Mr. Bradshaw), who has responsibility for such things, will be only too pleased to look into any specific details that the hon. Gentleman can give him.

Marine Environment (Recreation)

12. **Huw Irranca-Davies** (Ogmore) (Lab): What proposals she is assessing in relation to resolving conflicting recreational activities in the marine environment. [10119]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): The Department for Environment, Food and Rural Affairs has recently published a guide for local authorities on managing coastal activities, which has been widely welcomed by them, and by other users, as a valuable tool for overcoming potential conflicts through negotiation, with compulsion, through byelaws, as a last resort.

Huw Irranca-Davies: I welcome that guidance; the Minister will recognise that this is a busy island, both onshore and offshore. Will he undertake to meet a small delegation from one of the foremost areas of expertise in this area, the safety in leisure unit at Swansea institute, which has been examining the conflict of recreational uses in the offshore environment? Those people might have some interesting ideas for him to consider further, which would have an impact on constituencies throughout the whole of the United Kingdom, not least Bridgend and the constituency of my hon. Friend the Member for Swansea, East (Mrs. James), which include very attractive parts of the south Wales coastline.

Mr. Bradshaw: Yes, I would be happy to meet a delegation brought to me by my hon. Friend, and I am well aware of the problem, as I represent a near coastal seat myself.

Radioactive Waste (Consultation)

13. **John Robertson** (Glasgow, North-West) (Lab): What discussions she has had with the Chairman of the Committee on Radioactive Waste Management on publication of the findings of its public consultation programme. [10120]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): None. Corwm will undertake a number of rounds of public and stakeholder engagement as part of its agreed work programme. It is for Corwm to decide precisely how it will publish its consultation findings in line with its guiding principles

of openness, transparency and the provision of a full audit trail for the recommendations that it eventually delivers.

John Robertson: I thank my hon. Friend for his answer, but does he not agree that while we are waiting for Corwm to produce its solution, particularly for high-level waste, it is important for the people of this country to understand what is happening with that sort of waste and know that it is secure, so that we can go forward into the future with a balanced energy policy?

Mr. Morley: My hon. Friend is right. It is important that current waste storage facilities are properly regulated by the Health and Safety Executive, the nuclear installations inspectorate and the Environment Agency—and I can assure him that that is the case. We need a long-term strategy, particularly for high-level nuclear waste, and that is Corwm's remit. It will report in July next year.

"Securing the Benefits" Report

15. **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): What consultations she will have with the fishing industry on implementing the "Securing the Benefits" report. [10122]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): My colleagues in the devolved administrations and I continue to hold regular meetings with representatives of the fishing industry and other interested parties as we implement the recommendations of the Prime Minister's strategy unit report.

Mrs. Humble: I thank my hon. Friend for that reply. "Securing the Benefits" is a positive document, with references throughout to liaising with stakeholders. However, as many of the recommendations will be implemented through the regional advisory councils, which are so big and have so many sub-committees, can he reassure me that the voice of the fishing community will be heard all the way up to him, and all the way through to the Commission?

Mr. Bradshaw: I am sure that my hon. Friend will ensure that that happens; she, and other hon. Members who represent fishing communities, do an assiduous job on behalf of their fishermen. I can assure her that that will be the case. One of the huge benefits that the process has given us since the Prime Minister's strategy unit report was published is the bringing together for the first time in a new relationship of co-operation not just the fishing industry and my Department, but environmental groups and others, through the regionalisation of the common fisheries policy. That gives us an opportunity to move forward on the basis of consensus for the first time, in an industry where in the past, it has been quite difficult to get people round the table to agree to anything.

Mr. Austin Mitchell (Great Grimsby) (Lab): I think that my hon. Friend will find that that consensus is already there to build on, and the industry is happy with the report—but will he agree to an earlier discussion? "Net Benefits" channelled the industry towards the regional development agencies, and Yorkshire Forward has set aside money to try to help fishing, but because of the restrictions on state aid, it now finds that it cannot give it to the industry, except to be spent on plastic safety helmets—the industry could have millions of those if it needed them. Will my hon. Friend receive a delegation from the fishing industry to discuss how we can get round that difficulty, and how the regional development agencies can help the industry?

Mr. Bradshaw: I am acutely aware of the issue to which my hon. Friend refers because it has been raised with me several times, most recently at the annual general meeting of the United Kingdom Association of Fish Producer Organisation. I am trying to resolve the situation to the satisfaction of my hon. Friend and the industry that he represents. I am happy to receive a delegation, but hope to have resolved the matter before I need to do so.

Toner Cartridge Waste

16. **Paul Rowen** (Rochdale) (LD): What steps she is taking to ensure that toner cartridge waste is properly disposed of. [10124]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): By law, those responsible for the management of waste, including toner cartridge waste, must take all reasonable steps to ensure safe disposal.

Paul Rowen: Is the Minister aware that there is a problem with the disposal of toner? Although it has been declassified, many landfill companies refuse to accept it, so the disposal of waste causes a major problem to the toner re-use industry.

Mr. Bradshaw: Yes, I am aware of the problem. My officials are working closely with both the producers and the waste disposal industry to try to secure solutions to it.

Single Farm Payments

17. **Sandra Gidley** (Romsey) (LD): If she will make a statement on single farm payments. [10125]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): It is hard to overstate the importance of the June 2003 reforms in transforming the core elements of the common agricultural policy and laying down a new direction for its future evolution. Crucially, with the introduction of the single payment scheme, the link between the subsidy paid to farmers and the level of production has been broken—that is the so-called decoupling process. That means that farmers' activities will no longer be dictated by what the subsidy regime requires them to produce, with all the costs and bureaucracy entailed, because they will be free to farm for what the market wants.

Sandra Gidley: I listened with interest to the Minister's earlier reply. My farmers tell me that the problem appears to be the bureaucracy, so the way in which the Government lay the blame on a computer system going slightly wrong once again is not good enough. Why should farmers be made to pay because the Government still have not quite got their act together on the computer and information technology schemes to back up implementation?

Jim Knight: We are implementing a significant new scheme. As I said earlier, we made it clear back in February where in the payment window between December and June the payments would be made—they will be made in February next year. There have been problems, especially with the digitisation of maps, but we are doing everything that we can to overcome them.

Mr. Peter Bone (Wellingborough) (Con): I recently met farmers in my constituency who were complaining about the lack of clarity given and the confusion that comes out of the Government. They say that most things received via the Government are wrong and must be corrected. What is happening to improve the situation?

Jim Knight: Together with my noble Friend Lord Bach, I am meeting the Rural Payments Agency and other relevant officials to discuss as a matter of urgency how we can increase the RPA's capacity for processing the digitisation of maps. The problem is essentially one of capacity, so we are extending the hours worked to run the IT system both by adding an extra shift and by increasing the hours worked over the weekend.

Energy Green Paper

18. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): How she plans to respond to the Green Paper on energy produced by the European Commission. [10126]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): We very much welcome the timely publication of the Green Paper, which represents a real opportunity to influence the future development of energy efficiency policy in Europe. We will therefore be taking forward the public debate on the Commission's proposals during our presidency with the aim of securing an ambitious plan of action.

Mr. Crabb: I thank the Minister for that reply. In November 2004, the Prime Minister told his MPs to reject amendments to the Housing Bill that would have increased home energy efficiency targets. What will the Government do to encourage energy efficiency improvements in the UK?

Mr. Morley: The Government are implementing a range of initiatives to improve energy efficiency. Those measures must be effective and realistic and they must work. Of course we discussed the warm front programme earlier, which is an important part of the way in which we address fuel poverty. A review of building regulations is ongoing. They will come in from April next year and are designed to reduce energy use by 20 to 30 per cent. in new buildings. We also have an Anglo-Swedish initiative on sustainable housing in addition to other initiatives. Energy efficiency features in the climate change review and a joint Treasury energy efficiency review is going on to examine all these matters, because energy efficiency is a serious matter and one of the most effective ways of reducing emissions and meeting our carbon dioxide targets.

Judy Mallaber (Amber Valley) (Lab): What steps are being taken to increase the use of micro-generators in homes to improve home energy efficiency? Can any further measures be implemented with financial incentives to encourage the use of alternative materials for such micro-generators, such as biomass?

Mr. Morley: My hon. Friend is quite right: there is real potential for micro-generation. I was pleased with the recent policy statement made by my hon. Friend the Minister for Energy about the Government's commitment to encouraging micro-generation. We need to examine certain issues, such as planning and the actual technology, but in the near future we will have the real prospect of micro-wind turbines being available for domestic use. We will also have the prospect of micro-combined heat and power plants. We are already encouraging biomass generation and my hon. Friend might like to know that the new Department for Environment, Food and Rural Affairs office in Gloucester had a biomass central heating system fitted recently.

Sir Patrick Cormack (South Staffordshire) (Con): While I accept the importance of the points that the hon. Gentleman has just made, will he pay regard to the fact that he has a responsibility for the beautiful and fragile landscape of these islands? Does he thus accept that wind farms are not a very acceptable way of creating sustainable energy and that, in addition to the things that he rightly mentioned, we need to look carefully at the nuclear option?

Mr. Morley: I do not accept the hon. Gentleman's point and especially his assertion that wind farms are not sustainable. I commend the recent Sustainable Development Commission report to him. The commission examined the whole question of wind generation and reached the conclusion that onshore wind generation is currently the cheapest form of energy generation and that it has increasingly become more efficient and effective. Of course there are questions about the landscape and visual perception, but they are subjective. There are people who do not object to the look of wind turbines and in fact find them attractive. The nuclear generation option was left open in the energy White Paper, but if we consider the possible costs of, and time scales involved in, nuclear power, there is a lot that we can do on clean and renewable energy in the short term, rather than going down the nuclear route now.

James Duddridge (Rochford and Southend, East) (Con): Will the Minister assure us that if micro-wind turbines are used extensively throughout the UK, suitable consideration will be given to planning permission so that they do not become a visual blight on our neighbourhoods?

Mr. Morley: As in all things, I think that there is a balance to be struck. There is already special protection

for conservation areas and we should take account of the impact of rooftop micro-generation on listed buildings and such areas. However, on the other hand, micro-wind generation is a new British-built technology, so we do not want to put unnecessary barriers in the way of its development and application. The balance that must be struck will form part of our debate on wind generation. It also forms part of the strategy that my hon. Friend the Minister for Energy is considering and that we in DEFRA are considering, too.

Climate Change

19. **Lynne Jones** (Birmingham, Selly Oak) (Lab): When she intends to publish a summary of the responses to the climate change review consultation. [10127]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): DEFRA officials are currently analysing responses to the climate change review consultation and we will publish the summary of responses on the Department's website shortly.

Lynne Jones: I thank my hon. Friend for his answer because I have been chasing his Department for the summary. He will be aware that Cabinet Office guidelines state that a summary of consultation responses should be produced within three months. Will he undertake to ensure that the Department does better in the future?

Mr. Morley: Yes, a minor inconvenience like a general election rather slowed up the process, but I can tell my hon. Friend that I have seen the consultations and that they have been collated. They are very interesting in relation to the submissions that people made and we intend to have them on the website as quickly as possible. When Question Time is over, I shall speak to my officials to ascertain what is happening on that front.

20. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What discussions she has had with her EU counterparts on post-Kyoto climate change agreements; and if she will make a statement. [10130]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): As yet, there have been no formal intergovernmental discussions on the commitments, following the first commitment period of the Kyoto protocol. Article 3.9 states that parties must start to discuss the next commitment period by the end of 2005. That will be at this year's Conference of the Parties serving as the meeting of the parties on December in Montreal.

Danny Alexander: I am grateful for that answer, but we did not have a clear answer earlier to the question asked by my hon. Friend the Member for Lewes (Norman Baker). Do the Government prefer a strong agreement to tackle climate change signed up to by almost every Government except the United States or a much weaker agreement to which the US could sign up? That seems to be the choice and I would be grateful for a clear answer about the Government's preference.

Mr. Morley: I am happy to give the hon. Gentleman a very clear answer. We are looking for a positive outcome from the Gleneagles discussions that will take us forward on the whole issue of climate change. We have spelled out our proposals and we have no intention of signing up to a meaningless statement.

Business of the House

11.31 am

Chris Grayling (Epsom and Ewell) (Con): Although our thoughts are very much elsewhere this morning, will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Mr. Geoffrey Hoon): The business for next week will be as follows:

MONDAY 11 JULY—Remaining stages of the Racial and Religious Hatred Bill.

TUESDAY 12 JULY—Opposition Day [5th Allotted Day]. There will be a debate entitled "The Failure of the Tax Credits System" followed by a debate entitled "The Government's Failure to Deal with Licensing Chaos". Both debates arise on an Opposition motion.

WEDNESDAY 13 JULY—Motions to approve the Membership of Select Committees and other House Motions followed by Motion to take note of the Fourth Report of the Committee on Standards and Privileges, HC 472, Session 2004–05, and to approve the revised code of conduct.

THURSDAY 14 JULY—Remaining stages of the Consumer Credit Bill.

FRIDAY 15 JULY—The House will not be sitting.

The provisional business for the week after will be:

MONDAY 18 JULY—Second Reading of the Crossrail Bill.

TUESDAY 19 JULY—Second Reading of the London Olympics Bill.

WEDNESDAY 20 JULY—Motion to approve the draft Council Tax Limitation (England) (Maximum Amounts) Order 2005 followed by remaining stages of the Regulation of Financial Services (Land Transactions) Bill.

THURSDAY 21 JULY—Motion on the Summer Recess Adjournment.

FRIDAY 22 JULY—The House will not be sitting.

For the convenience of Members, the provisional business for the week commencing Monday 10 October will include, on Monday 10 October, the remaining stages of the Civil Aviation Bill.

The House will already be aware that my right hon. Friend the Prime Minister will be making a statement at Gleneagles at noon and I hope that my right hon. Friend the Home Secretary will be available to make a statement to the House at the end of business questions. The House will want me to say that our thoughts are with the emergency services and I pay tribute to the excellent work that they do. I have been involved in previous emergency planning preparations and I know how hard and how superbly members of the emergency services work. We should also reflect for a moment on the families and friends of those who have suffered today.

Chris Grayling: Clearly, as the Leader of the House says, the business of the House is overshadowed by this morning's dreadful events in London. It is obviously too early to know the full details of what has happened, but I know that the whole House will wish to echo the sentiments expressed by the right hon. Gentleman and send our sympathies to all those caught up in these terrible incidents. We also want to express our gratitude to the emergency services and the medical staff at London hospitals who are currently dealing with the problems and working to help the victims.

I am grateful to the Leader of the House and, indeed, to the Home Secretary for agreeing to come to the House so soon to brief Members about what has happened. I ask the Leader of the House to ensure that, as matters develop over the rest of today and over the next few days, Members are regularly updated so that we are kept informed of what is happening in relation to these events. Does he agree that it is essential that we do not allow terrorists to undermine the democratic process in this country? They must not be allowed to undermine the fabric of our society and we must resist them with 100 per cent. vigour.

This morning's news has clearly diverted attention away from the Olympic bid, but the Leader of the House and I want to add our voices to the congratulations sent yesterday to Lord Coe and the bid team. Will the Leader give us more information about the timetable that he envisages for the Olympic Bill? How quickly will it be able to pass through the House? Clearly, it needs to be properly scrutinised, but Conservative Members would like to see it pass into law as quickly as possible, subject to that proper scrutiny, to help the bid team migrate into the games team. We can then start the long and hard process of making the games a reality.

Finally, when does the Leader of the House intend to publish the detailed motions for debate next Wednesday?

Mr. Hoon: I am grateful to the hon. Gentleman. It is important to have up-to-date and accurate information to put before the House. I know that the relevant Ministers are currently meeting, but my right hon. Friend the Home Secretary will provide more detail as and when he can—not only, I hope, at the end of business questions, but throughout the day and as and when necessary. The hon. Gentleman is right that we need to demonstrate to those who are trying to disrupt our society and democracy that we will not in any way be intimidated by their threats.

As far as the Olympic Bill is concerned, I am grateful to the hon. Gentleman for observing that it is important to get the legislation through as quickly as possible. Clearly, the Bill will require appropriate scrutiny, but we have already allotted a day before the summer recess to allow the Bill to make rapid progress thereafter.

Some motions have already been tabled for the House business day next week and I anticipate that further motions will be tabled later today.

Kate Hoey (Vauxhall) (Lab): I refer the Leader of the House to early-day motion 440, on Zimbabwe and asylum seekers.

[*That this House recognises that there continues to be a real risk of persecution in Zimbabwe for those who are perceived to be politically active in opposition to the government and the ruling party, and acknowledges that some people such as Movement for Democratic Change (MDC) activist and supporters are more at risk than others; further notes that there are an estimated*

[Kate Hoey]

1,800 Zimbabweans in the UK who have failed in their attempts to win asylum; and based on the recommendations of the United Nations High Commissioner for Refugees, urges the Government to review its policy of returning Zimbabweans who have failed in their efforts to be granted asylum.]

I am sorry to return to the subject, but we seem to be getting nowhere. I appreciate that the Home Secretary is particularly busy today, but the question of the large numbers of asylum seekers on hunger strike, two of whom face a particularly serious situation, is an important one. Yesterday Lord Justice Collins asked the Home Secretary not to deport any more Zimbabwean asylum seekers until he considers the matter in more detail on 4 August. Can we have an assurance that this matter will be debated and that we will have some sort of statement over the next two days? Some people's lives are really at risk.

Mr. Hoon: My right hon. Friend the Home Secretary made a written statement yesterday on removals. He set out in some detail the basis on which the Home Office approaches these issues and provided information about those currently refusing food. Food is available to all those who are being detained and they are seen daily by a medical practitioner to check their condition. I can tell the House than none has been hospitalised at this stage.

Mr. David Heath (Somerton and Frome) (LD): On a day when it is right that all parties in the House demonstrate how we stand together on such matters, may I associate my right hon. and hon. Friends and myself with the comments made by the Leader of the House and the Conservative spokesman? I also wish to express our thanks to those in the emergency services for their work, which I saw for my own eyes at Aldgate this morning. Their work is extraordinary and very much appreciated.

I am grateful to the right hon. Gentleman for both the statement later this morning and his readiness to ensure that the House is kept properly informed. Of course, that statement will necessarily be a very early assessment of the situation, and it will be necessary to come back, perhaps on more than one occasion, to explore the issues involved more fully.

On other matters, is it possible in the near future to hold a debate on the United Kingdom's bilateral relationships with the United States? It seems an entirely appropriate moment to consider both the positive aspects of those relationships and the difficulties that the two nations face jointly. I am very aware of the concerns that have been expressed on Capitol hill, for instance, about the future conduct of our policy in Iraq. It is right that the House should also have the opportunity to discuss those matters and others, such as our arrangements on extradition and other security issues.

Is it possible for the Leader of the House to look again at the way Northern Irish legislation is debated in the House? It is becoming a matter of great concern both to those who represent Northern Ireland constituencies and to other hon. Members who have an interest that legislation is passed by virtue of statutory instruments with no capacity for amendment. There is a limit to the extent to which legislation can be properly scrutinised in that way. Is it not appropriate that we now look again at how we approach those issues?

Lastly, we would also wish, of course, to be associated with what should have been a day of celebration on winning the Olympics for London. We look forward to the Bill that the Leader of the House has indicated will be introduced. Perhaps I could just make one suggestion to him. A very large sum of public money will necessarily be involved in setting up the Olympics for 2012, and it will cover a great number of Departments. May I suggest that there might be a role for a special Select Committee of the House to scrutinise overall the arrangements for the Olympics from now until 2012, so that the House can consider what is and is not happening—progress and non-progress—and ensure that the House is properly represented and has the opportunity to make sure that the Government are playing their role to the fullest extent?

Mr. Hoon: I am grateful to the hon. Gentleman for his observations.

On the specific points that he raises, the US-UK bilateral relationship is an excellent, outstanding one. Although I am sure that the Government would welcome a debate emphasising the positive aspects of that relationship, I do not anticipate the need for one, given the quality and strength of the relationship already.

As for Northern Ireland legislation, I have indicated in answer to previous questions on the subject that my right hon. Friend the Secretary of State for Northern Ireland is looking at the situation. Obviously, although legislation is enacted for Northern Ireland by statutory instrument, there has generally previously been debate on the primary legislation, as it extends to other parts of the United Kingdom, so it is not as though such legislation is never debated in the way that the hon. Gentleman suggests.

As for public money, obviously, we are confident that an appropriate funding arrangement has been put in place for the Olympic games. Indeed, in my judgment, that is one of the strengths of the bid that proved successful. Certainly, the hon. Gentleman's suggestion about a special Select Committee is something that will be considered through the usual channels—although, obviously, it is ultimately a matter for the House.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Government will shortly announce the results of their consultation on updating part L of the building regulations, part of the objective being to reduce carbon dioxide emissions by 25 per cent. to comply with legally binding elements of the Kyoto agreement. Will the Leader of the House ask the Office of the Deputy Prime Minister to put up a Minister to respond to an urgent debate on those proposals? The model used in them—the notional house—will make the incorporation of chimneys in new houses highly unattractive in future. That will be very damaging to the British flue and chimney manufacturing industry, which involves many thousands of jobs, including at factories in my constituency. Before the consultation results are

announced, may we please have a debate? I have bid for a debate in the House but, as yet, have been unsuccessful.

Mr. Hoon: After that detailed exposition of the issue, I anticipate that my hon. Friend will perhaps not need a debate, but the issue is obviously complex, and I should have thought it suitable for debate in Westminster Hall or on the Adjournment. Certainly, he can apply for an urgent debate in the normal way, but I will ensure that my right hon. Friend the Deputy Prime Minister is made aware of his concerns and, no doubt, he will write to him in the usual way.

Sir George Young (North-West Hampshire) (Con): I welcome the debate on Wednesday setting up the Select Committees and debating the revised code of conduct. I think that the Leader of the House also mentioned that we would debate other House business. Could he shed some light on that and indicate how he envisages the debate on Wednesday being structured if we are to debate a number of different issues?

Mr. Hoon: I hope to put a number of issues before the House by Wednesday. There are some consequential changes, following the appointment of the new Select Committees, and there will be a number of other tidying-up aspects, if I may call them that. Some of the orders already appear on the Order Paper. As I indicated earlier, I hope to place others on the Order Paper later today. I hope that the right hon. Gentleman and other hon. Members will accept that this is an important opportunity for the House to debate a number of issues of great concern to right hon. and hon. Members. I hope therefore that he will allow me a little time in which to table as many orders as appropriate, so that the House can thoroughly consider all aspects of its business. It seems to me—I hope that he agrees—that this is an opportunity for us to debate as much as we can of our Standing Orders and procedures at the start of a new Parliament.

Tom Levitt (High Peak) (Lab): I do not know whether my right hon. Friend recalls a conversation that we had in 1991, when he had the privilege of representing me and a few thousand others in the European Parliament. At that time, we discussed the need to reform the common agricultural policy, and I am sure that there is unanimity in the House about the Prime Minister's initiative to use the European Union presidency to make major reforms to the CAP not just from the point of view of agriculture, but from that of the developing world. Can we look forward at an early stage to the publication of proposals on what changes we hope to get in the CAP?

Mr. Hoon: Of course I recall precisely the specific conversation that my hon. Friend mentions, not least because I was regularly talking about the reform of the CAP at the time, and it is important that we continue the efforts. There has been substantial change in the way in which that policy operates, and I know that that is something that he and other hon. Members have strongly supported over very many years. It is a priority for the Government during our presidency that we should set in motion the process of further reform of the CAP, not least because of the impact that it has on developing nations—a matter that has been much in the public eye in recent times—so I hope that that process will continue successfully. However, we should reflect on the fact that not all farmers in my hon. Friend's constituency—an area that I know well—enjoy enormous financial support from the CAP. I saw a report this week on the plight of hill farmers in places such as the High Peak of Derbyshire, where they certainly often struggle to make ends meet financially. We should not always assume that every farmer benefits enormously from the CAP. That is often far from the case.

Tony Baldry (Banbury) (Con): I wonder whether the Leader of the House could give some thought during his busy week to ministerial courtesies. When we in the Opposition were fortunate enough to be Ministers and Members of Parliament—our parliamentary colleagues—asked to see us, we went out of our way to ensure that they did, particularly Opposition MPs, because we were very conscious of the fact that they could not usually nobble us or get to us in the Division Lobby. In the past couple of weeks, I have made written requests on perfectly valid constituency issues—one was on a community hospital, the other on the effect of the closure of a railway line—to see two of his ministerial colleagues that have been dealt with fairly peremptorily by one paragraph letters. The Leader of the House has expressed concern about turnout at general elections. It is not surprising if turnout falls at general elections if Ministers are contemptuous of the perfectly legitimate concerns of Members of Parliament. It is a matter of courtesy that perhaps he could take up with his colleagues.

Mr. Hoon: I am concerned to learn that. Since becoming a Minister, I have never refused a request from an hon. Member to see me in my ministerial capacity. That has certainly been my practice, and I would hope that all my other ministerial colleagues adopted the same course. If the hon. Gentleman would like to write to me in confidence, I will look at the matter and take it up with the appropriate Ministers.

Mr. Michael Foster (Worcester) (Lab): Sport will have a major boost over the next few years with the Olympic games coming to London, but may I ask my right hon. Friend to do what he can to ensure that non-Olympic sports such as cricket are not excluded from the increased resources and increased participation in which, I hope, this development will result? With that in mind, will he arrange for a debate on the future of state school cricket, so that we can look at ways of making it far more competitive, and put it on an equal footing with the cricket played in the independent sector?

Mr. Hoon: I once tried to demonstrate how cricket is played to my American family, with conspicuous lack of success. It is certainly important that, in providing the extra funding that goes to sport, such funding is associated not only with the Olympic bid, but with the Government's overall programme for supporting sporting excellence in this country and that we do not neglect sports such as cricket, which are clearly hugely important to the people of the United Kingdom.

Mr. William Cash (Stone) (Con): The Leader of the House may have noticed my Bill, published today, entitled the International Development (Anti-corruption Audit) Bill. He may also have noticed that the Chairman of the Public Accounts Committee is a signatory to it, and that there is deep concern about whether the public accounts of certain developing countries measure up to the efficiency requirements. Moreover, there is the question of corruption and of where the money is going. Given that this issue will come before the G8 tomorrow, will the Leader of the House draw the attention of the Secretary of State for International Development and of the Prime Minister to this Bill? I hope that the Prime Minister will indeed discuss the issue with the other members of the G8. This Bill is a very important cog in the practical delivery of the prevention of corruption.

Mr. Hoon: I am grateful to the hon. Gentleman for drawing this issue to the House's attention, not least because the National Audit Office has considerable international expertise in this field, which it makes available to countries that might benefit from it. He doubtless knows that the G8 is acutely concerned about the standards of practices in developing countries in respect of financial probity and regularity; indeed, it is likely to attach some conditionality in that direction when it comes to the provision of aid and debt cancellation. I know that my right hon. Friends the Prime Minister and the Secretary of State for International Development have this important issue at the forefront of their minds.

Andrew Miller (Ellesmere Port and Neston) (Lab): I know that my right hon. Friend enjoyed, as I did, last week's fantastic fleet review. Did he share my disappointment at the poor quality of the outside broadcasting, particularly by the BBC? Will he organise a debate on outside broadcasting, so that we can determine whether the BBC faced a resource problem or whether what happened was a policy matter? If the latter was the case, it should be condemned.

Mr. Hoon: I was proud to be part of last week's fleet review, on board the Royal Fleet Auxiliary Wave Ruler. The BBC were not on board, which perhaps explains the problem that my hon. Friend mentions. I am sure that the BBC, which follows our proceedings closely, will have already noted his point. An appropriate BBC official will doubtless write to him immediately.

Mr. Andrew Mackay (Bracknell) (Con): Before this morning's dreadful events, this was going to be a second day of great celebrations of London's successful Olympic bid. Those of us who served in the Government Whips Office with Lord Coe were pleased to note that our efforts were not entirely wasted. Will the Leader of the House seriously consider the comments of the hon. Member for Somerton and Frome (Mr. Heath)? We need a process through which this House can monitor developments between now and when the Olympics take place, be it a Select Committee or appropriate Ministers coming regularly to the Dispatch Box.

Mr. Hoon: All those who played such an excellent role in securing the Olympics for London and the United Kingdom, including the noble Lord Coe, are to be congratulated on their efforts. I said earlier that I will explore through the usual channels the suggestion that the House be regularly informed not only about developments in the process of the Bill, but about the financial consequences. It is important that we have regular debates and discussions on how the preparations for the games are proceeding.

Keith Vaz (Leicester, East) (Lab): The Leader of the House is aware that, this week, the Lord Chancellor published proposals on legal aid that will effectively mean a cut in the criminal legal aid budget. That will have a dramatic effect not just on high street firms, but on the quality of barristers that we get in this area of law. As a former legal aid Minister, the Leader of the House will know that there are difficult judgments to be made on this issue, but it is important that we discuss the whole budget and the proposals before they are implemented.

Mr. Hoon: Having spent two years of my ministerial career grappling with the subtleties of legal aid and its regulations, and with the response of the legal professions when I attempted a modest change—usually, the response was extremely generous—I recognise that this is a sensitive and important issue. I had understood that my right hon. Friend the Lord Chancellor's proposals were essentially concerned with large and expensive criminal cases, but I am certainly willing to look again at them. If they have a more extensive application, I will re-examine this issue. However, I do not see why such large and expensive criminal cases will necessarily have the impact on the high street that my hon. Friend suggests.

Rev. Ian Paisley (North Antrim) (DUP): May I associate my hon. Friends, myself and the people of Northern Ireland with the comments of the Leader of the House, the Leader of Her Majesty's Opposition and the Liberal Democrat spokesman? We in Northern Ireland have passed this way many times. We have walked down the dark road, the bloody road, the road of separation, and we can sympathise. Not one of my members has not been attacked. Fortunately, we have all come out of those attacks, but many people have not. They leave behind them those who sorrow, many of whom do so hopelessly. We have walked this way, and we understand the feelings of the whole country at this time. I welcome the fact that the Government spokesman made it clear that there will be no giving in, no surrender to this matter, and that we will see in this country what we saw in Northern Ireland after the bombings and killings: signs up saying, "business as usual". Let the democrats make it business as usual, and with strength and fortitude walk on to a day when this scourge will be cleansed from this nation.

Mr. Hoon: I could not possibly improve on what the hon. Gentleman has just said, and I agree with him entirely.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Notwithstanding this morning's terrible events, I am sure that the Leader of the House will agree that this country's music industry and musicians are very

important to us. Does the Department for Culture, Media and Sport intend to respond to early-day motion 270, which is concerned with sound recording copyright for British artists?

[That this House notes that the copyright of performers and recordings made in the United Kingdom and the European Union is limited to 50 years, whereas performers' sound recording copyright continues for 95 years in the USA and for an average of 75 years in most non-EU countries; recognises that UK and EU recording artists are often denied income from the playing of their recordings during their lifetime; and calls on the Government to recognise this as denial of income due to living recording artists for their work and to alter UK and EU copyright laws to correct this injustice.]

As the early-day motion points out, in this country such copyright lasts for only 50 years, whereas in the USA it lasts for 95 years and the world average is 75 years. Does my right hon. Friend realise that, when people play the recorded music of artists such as Dame Vera Lynn, she receives no royalties? The same is true of some of the music of Cliff Richard, Humphrey Lyttleton and many other artists. Is it not time that we treated such people fairly during their lives and allowed them to receive royalties for the playing of their sound recordings in the UK?

Mr. Hoon: Hon. Members are being unusually kind today in allowing me to range over my previous experience. As a Member of the European Parliament, I dealt routinely with several copyright directives that affected sound and music. I certainly share my hon. Friend's concern about the lack of protection for some of our performers. I know that the Department for Culture, Media and Sport is considering the problem as a matter of urgency and with great seriousness, and I will ensure that my right hon. Friend the Secretary of State writes to my hon. Friend when she returns from her successful visit to Singapore.

Sandra Gidley (Romsey) (LD): The Leader of the House will recall that, last week, hon. Members of all parties raised the subject of the workers at APW Electronics, whose pension fund was wound up in circumstances that meant that they will be eligible for only 20 per cent. of their pensions. Will he impress on the Minister for Pensions Reform the necessity of coming to the House and explaining why financially prudent people who have done everything that successive Governments have asked of them are not being considered for any sort of compensation, when the numbers involved are small and the money could make a lot of difference to many people's lives?

Mr. Hoon: As the hon. Lady said, the issue has been raised previously. There are obviously rules that affect whether the Government are in a position to provide appropriate compensation. The Government have provided significant sums for assistance to employees whose pension scheme has failed, but one of the conditions is that the principal employer should be insolvent. I understand that that is not the position in the case that she mentions. The Government believe that solvent employers have a duty to support their schemes and provide the benefits that members were expecting. That is the Government's position on the case.

Joan Walley (Stoke-on-Trent, North) (Lab): May I revert to the successful Olympic bid? When the Leader of the House is considering how Parliament will scrutinise the Bill, it is important to ensure that the benefits extend to the whole country, especially construction services throughout the country. Given the increase that we will need in construction skills, regeneration and building, will my right hon. Friend arrange for an early debate in the House to consider adequate funding throughout the country for the construction skills that are needed for regeneration? We especially do not want a cut in local budgets for further education colleges.

Mr. Hoon: My hon. Friend makes an important point. Although the bid's strength was its concentration in a specific area of London, benefits will clearly flow to the whole country. People throughout the country were delighted by the bid's success. She is right that there should be some consideration of the national benefits that will flow from the bid's success. I am sure that that can properly be raised in the Second Reading debate that I previously announced. I am also aware that it is already anticipated that some of the facilities that will be provided in that narrow and focused area for the games will be used elsewhere in the country. There will be national benefits through opportunities for, as my hon. Friend suggests, construction companies, and some of the tangible results of those efforts will be spread around the country.

Mr. Eric Forth (Bromley and Chislehurst) (Con): May we have a debate entitled "Should Civil Servants be able to Speak Out Freely?", in the context of the inspirational comments of Louise Casey, a civil servant who is apparently close to the Prime Minister? She said, among other things, in the context of advice to Ministers, who should listen:

"Turn up in the morning pissed. You might cope a bit better, love."

She said of her experience of meetings with Ministers:

"The most powerful person in that room is Betsy who brings the tea round."

Does the Leader of the House agree with those comments by a senior civil servant; and is he proud that she is close to the Prime Minister and gives him advice?

Mr. Hoon: I wonder whether the right hon. Gentleman took the same view of civil servants speaking out when he was a distinguished Minister. I do not recall his advocating from the Government Benches the right of his civil servants to speak out publicly. Whether he did or not, there is a code that conditions circumstances in which civil servants may speak out. I am sure that it will be properly applied in the case that he mentions.

Julie Morgan (Cardiff, North) (Lab): May we have an early debate on the movement of civil service jobs? Does my right hon. Friend know of the plan to close the Export Credits Guarantee Department in Llanishen in my constituency, thus moving 30 jobs back to London? Does he also know that, in the 1970s, a Labour

[Julie Morgan]

Government moved those jobs from London to Cardiff and that the proposals appear to contradict the Government's policy? Will he arrange an early debate on that, given that there are some very aggrieved people in Cardiff?

Mr. Hoon: I am not familiar with the specific circumstances that my hon. Friend raises, but I shall ensure that the relevant Department contacts her and explains matters. She is right that the Government's overall approach is to try to ensure that jobs are transferred from London and the south-east. We acknowledge the extra housing and travel costs in a part of the country that is generally more overcrowded than elsewhere. I will ensure that the matter is examined and that the appropriate Minister contacts my hon. Friend.

Dr. William McCrea (South Antrim) (DUP): Bearing in mind the fact that the elected representatives of the people of Northern Ireland do not have the opportunity to discuss openly and debate properly many serious issues that affect the people of Northern Ireland, will the Leader of the House find time to debate the nitrates directive, which could put many farmers in Northern Ireland out of business?

Mr. Hoon: I have already told hon. Members about the Government's concern to ensure proper debate on Northern Irish matters. It is important to find the right way of allowing the citizens of Northern Ireland to communicate their views and their elected representatives to speak on their behalf. The directive is an EU matter and the House must resolve—I hope it will happen next week—the creation of appropriate European scrutiny arrangements that will allow European directives to be fully and properly considered.

Dr. Alan Whitehead (Southampton, Test) (Lab): My right hon. Friend may know that his predecessor scheduled a debate in Westminster Hall last Session about the work of the House of Commons Commission, thus enabling hon. Members to discuss its work in a way that had not previously been possible. The previous Leader of the House suggested that the debate might become a regular feature of the House's business. Will my right hon. Friend schedule a debate on the Commission's work before the end of the Session or early in the autumn when Parliament reconvenes?

Mr. Hoon: That is an excellent and helpful suggestion. It is important that the work of the House of Commons Commission, in which I am proud to play a small part, is properly understood and discussed by hon. Members. I will examine when it will be possible to schedule such a debate. It will probably not happen before the summer recess, but I shall consider as a matter of some urgency finding an appropriate date some time in the autumn.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): The Leader of the House knows that the Department for Transport has recently completed a consultation on public service obligations for air services in the UK. That is especially important to my constituents, given their wish to protect flights between Inverness and London Gatwick and Heathrow airports. Will he ensure that the results of the consultation are subject to a debate in the House before their implementation so that concerns can be fully expressed?

Mr. Hoon: The hon. Gentleman has identified an important issue for his constituents and, indeed, for a wider group of people in Scotland. I shall certainly ensure that the issue is brought to the attention of my right hon. Friend the Secretary of State for Transport, and I will encourage him to write to the hon. Gentleman. That may be a more expeditious means of discussing the issue than waiting for a possible debate.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Recently, my right hon. Friend responded positively to a request from hon. Members for a debate on Africa. Could I suggest that it might be an appropriate time to have a similar debate on the middle east? Clearly, events in Palestine are at an important juncture. The Israeli withdrawal from Gaza is either the first step towards a general withdrawal from the west bank and a viable two-state solution leading to security throughout the middle east, or the Israelis may regard withdrawal from Gaza as a final step, leaving a non-viable Palestinian territory and the annexation of the west bank by Israel, which could lead to long-term insecurity, not just in the middle east but in the wider area.

Mr. Hoon: My hon. Friend is right to raise that important issue. I am grateful to all right hon. and hon. Members who made the recent debate on Africa such a success, and he is right to draw the analogy between Africa and current developments in the middle east. There have certainly been some positive steps in the middle east peace process in the past few months—my hon. Friend suggested that there is renewed high-level contact between the parties and a dramatic fall in the level of violence and in the number of casualties. We must all recognise, however, that the situation remains fragile.

I emphasise that the United Kingdom Government remain energetically engaged. My right hon. Friend the Foreign Secretary visited the region on 7 and 8 June to offer UK support for both sides, and to encourage them to do all that they can to take advantage of the opportunities for progress. As part of our EU presidency, the UK Government will represent the European Union, including at the Quartet, and we will work closely with other international partners.

Mr. Robert Walter (North Dorset) (Con): The Leader of the House has announced that the House will consider the Council Tax Limitation (England) (Maximum Amounts) Order 2005. Can he assure us that there will be adequate time to debate the eight local authorities involved? I say that with some passion, because his former ministerial colleague, the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), invited hon. Members and their local authorities to discuss this with him when he was Local Government Minister. Unfortunately, he is no longer in office so I went for a discussion with his ministerial replacement. We had no discussion at all—we were treated to "Good morning" and "Thank you very much". There was no engagement with

the local authority budget, where things might be going wrong and where they could improve. We therefore need an adequate debate.

Mr. Hoon: I am confident that detailed information will have been made available to the local authorities on the list, and there will be a number of opportunities for the hon. Gentleman to raise his concerns about overspending by particular local authorities. It is important that they accept the guidelines set out by the Government, not least to ensure proper protection for people paying council taxes in those areas. He will be aware that since 1997, the Government have increased funding in real terms to local authorities by 33 per cent. Given that that is by far the majority of the money available to local authorities, it is unfortunate that those particular local authorities could not remain within their spending guidelines as planned. That is precisely why the Government have taken action.

I am sure that when the hon. Gentleman has meetings with Ministers on this question, they are willing to engage in discussions with him, but he should bear in mind the fact that there is a difference between having a discussion whose conclusions he agrees with and simply having a discussion. I am confident that he will have had a discussion with Ministers, although he may not have liked what they said to him.

Mr. David Chaytor (Bury, North) (Lab): In the next few weeks, many hundreds of thousands of parents and children will turn their thoughts to the process of leaving primary school and going to a new secondary school. My right hon. Friend will know what a stressful experience that is for families, not least because they are torn between the rhetoric of parental choice and the reality of growing numbers of secondary schools being able to choose which children to admit. Can my right hon. Friend find time for a debate on the whole question of fair admissions to schools, not least because the Government will shortly publish proposals for a new admissions code of practice?

Mr. Hoon: I recognise that this is an extremely sensitive and important subject for parents and children at this time of the year. I know from constituency experience that this is the time of year when parents approach their Member of Parliament if they are dissatisfied with the allocation arrangements. I will certainly ensure that my hon. Friend is contacted by the relevant Minister and that appropriate details are supplied.

Mr. Nigel Dodds (Belfast, North) (DUP): Further to the question of the hon. Member for Somerton and Frome (Mr. Heath) about the way in which Northern Ireland business is dealt with, the Leader of the House will have heard points of order in the House yesterday. This is a serious issue, because five Orders-in-Council are going through the House this week. Three further Orders-in-Council relating to Northern Ireland will be introduced next week. None of them can be amended—it is a straight yes or no vote—which is clearly an intolerable situation. I welcome the right hon. Gentleman's commitment to discussions with other parties, but can he ensure that the Northern Ireland parties are included in those discussions?

Mr. Hoon: I have already said that I take this very seriously and it is something that the Government would want to address in due course. I am readily available, should the hon. Gentleman wish to discuss the matters in detail with me, and I certainly wish to meet all the parties represented in Northern Ireland.

Mr. Jim Cunningham (Coventry, South) (Lab): When are we going to have a debate on the Strategic Rail Authority, particularly on the lack of investment in the Coventry-Nuneaton line and the need for a new station once the Coventry arena has opened?

Mr. Hoon: It is obviously important that we continue to increase the funding available for the railway network. Network Rail has taken significant steps in recent times to stabilise the financial situation. Indeed, reports that I have received demonstrate that that has been remarkable successful. After a long period of difficulty it appears to be on a sensible track for the future. As for the particular local question, I will ensure that my right hon. Friend the Secretary of State for Transport writes to my hon. Friend.

Mr. Peter Bone (Wellingborough) (Con): Wellingborough is a large and expanding constituency where many thousands of new homes are being built, but it does not have a hospital with accident and emergency facilities. Can the Leader of the House help a new Member by saying whether it is possible to debate that matter and other health services in Northamptonshire?

Mr. Hoon: May I make two points clear to the hon. Gentleman? First, the Government have invested more money in the national health service since we came to power than any Government in history. That money is being used to provide new hospitals and new hospital facilities across the country, and I know that Government Members are extremely proud of that. I doubt that the hon. Gentleman could produce statistics on NHS funding by any previous Government that compare in any way with our investment. Secondly, on his observations about new housing and related planning issues, unlike our predecessors, especially a number of Conservative Administrations, the Government have sought to ensure that new housing permissions are granted only where there is appropriate infrastructure and support for the population. Many of the difficulties caused by new housing in the late 1980s and early 1990s were the result of the then Government's enthusiasm to build housing without considering the need for accompanying infrastructure. That was a serious planning mistake, and we do not intend to repeat it.

Glenda Jackson (Hampstead and Highgate) (Lab): When will the House be afforded the opportunity in Government time to debate the continuing insurgency in Iraq? Bilateral relations between the United Kingdom and the United States, to which my right hon. Friend referred, may indeed be very close, but there is a clear

[Glenda Jackson]

difference of opinion within the US Executive, with one Secretary of State saying that the insurgency is in its death throes, and another saying that it might last for at least another decade. Surely that highlights something rather more important than a difference of opinion: the fact that a clearly thought out and well planned approach is needed to tackle the insurgency, which is rather broader than mere military attacks? Will the House be given the chance in Government time to offer its opinions on how the insurgency could be ended?

Mr. Hoon: I suspect that my hon. Friend will have precisely that opportunity later today, during the debate entitled "Defence in the world", which is one of our regular scheduled defence debates. Having been present during previous debates, I know that my hon. Friend has assiduously raised such questions in relation to the insurgency in Iraq. I assure her that no member of the Government, I perhaps least of all, takes lightly the situation in Iraq and the appalling insurgency that is responsible for so many deaths, not only of coalition forces, but of thousands of Iraqi citizens and civilians who have been targeted deliberately by terrorist organisations in Iraq and elsewhere in the world.

Derek Conway (Old Bexley and Sidcup) (Con): Is the Leader of the House aware that more than 12 million homes in Britain benefit from having an affectionate pet living with them? Will he take note of the concerns voiced by organisations such as the Dogs Trust and the Cats Protection League and many other worthy animal charities about the progress of the animal welfare Bill? Will that excellent Bill be introduced in the House of Commons by October?

Mr. Hoon: I know how seriously the hon. Gentleman takes such issues and I am grateful to him for having raised the subject as he has. The Bill has been widely welcomed by animal welfare charities. It is an important measure on a subject that concerns hon. Members, not least because we all have a regular postbag on animal welfare matters. As a constituency MP, I know how frequently constituents write to me on such matters—an experience that I am sure is shared by other right hon. and hon. Members. I anticipate the Bill being introduced in due course, but I am not yet in a position to give the hon. Gentleman a precise date.

Chris McCafferty (Calder Valley) (Lab): Given the priority that MPs and, indeed, the nation now give to international development, will my right hon. Friend consider extending International Development questions to one hour in the new Session, so that development issues can be fully scrutinised and debated by the House?

Mr. Hoon: I recognise the important of development issues to the House. That is why we recently scheduled the excellent debate on Africa, in which right hon. and hon. Members had significant opportunities to debate current developments. The time given to departmental questions is dealt with through the usual channels, but I undertake to consider the allocation of time to the various departmental questions and I shall respond to my hon. Friend in due course.

Mr. Simon Burns (West Chelmsford) (Con): In the light of yesterday's lobby by the Fire Brigades Union, will the Leader of the House arrange a debate in Government time on the regionalisation of fire control units, so that hon. Members can bring home to Ministers just how unpopular that penny-pinching and mistaken policy is?

Mr. Hoon: I assure the hon. Gentleman the policy is not about penny pinching. It is about ensuring that the latest and best technology is made available in support of the excellent work done by the fire services. It is also important that the approach taken concentrates effort and time in the way that provides best value for money for council tax payers. I have received representations from both the fire service and the FBU and I assure the hon. Gentleman that the Government consider the matter extremely carefully and seriously. We must achieve best value for taxpayers but at the same time ensure that we do not compromise the safety of the public, who depend on the tremendous work done by the fire service and the other emergency services.

Miss Anne Begg (Aberdeen, South) (Lab): I do not know whether the Leader of the House has had time to read the early-day motion that I tabled this week congratulating Whizz-kidz—an organisation that provides wheelchairs for disabled children—on its work. Problems with the supply of such equipment persist, so will my right hon. Friend find time for a debate on the whole issue of the supply of equipment for disabled people?

Mr. Hoon: I have seen the early-day motion and I congratulate my hon. Friend on tabling it and other hon. Members on supporting it. The initiative is an excellent one, which is strongly supported by members of the Government.

Chris Huhne (Eastleigh) (LD): In his reply to my hon. Friend the Member for Romsey (Sandra Gidley), the Leader of the House was kind enough to offer the view that employers who are solvent should stand behind pension schemes. The case to which my hon. Friend referred—the APW Electronics case, which also affects constituents of mine—is one in which the pension fund trustees were threatened by the employer with insolvency. It is important that the House make time to debate the question, because there are four or five schemes in the rather special circumstances that fall between the Government's financial assistance scheme and the Pension Protection Fund.

Mr. Hoon: I do not intend to repeat my answer to the hon. Member for Romsey (Sandra Gidley), but it is important to acknowledge that there have to be limits on the arrangements for providing assistance. In the case in question, those limits affect the issue of the solvency or otherwise of the principal employer. I have nothing further to add to my earlier comments.

John Robertson (Glasgow, North-West) (Lab): At the time the Olympics have been awarded to London, may I tell my right hon. Friend that the special Olympics 2005 are taking place at this very moment in the fair city of Glasgow? Will he discuss with our right hon. Friend the Minister for Sport and Tourism including people with special needs in the celebrations to be held here in 2012?

Mr. Hoon: I take this opportunity to congratulate all those who have been involved in the organisation of the special Olympics. Having seen such events in previous years, I know what tremendous voluntary efforts go into them. I am sure that all those associated with the successful bid will play their part in supporting such excellent initiatives as the special Olympics.

Tim Loughton (East Worthing and Shoreham) (Con): The Leader of the House will be aware that the paediatrician Professor Sir Roy Meadow is appearing before the General Medical Council in response to allegations of misdiagnosis in certain child death cases. Eighteen months ago, the Minister for Children and the Solicitor-General made statements to the House about the review of cases in the light of the judgment. Will the right hon. Gentleman find time for one of those Ministers to update the House on what has happened since then—how the review has progressed and how many people who may have been wrongly accused of and sentenced for murdering their child or children are still in jail?

Mr. Hoon: I understand how sensitive the issue is to those parents, but before we take further action it is important to allow the current proceedings to be concluded, so that we can identify the circumstances as accurately as possible. However, I assure the hon. Gentleman that the responsible Minister is keeping track of these matters and will write to him when the proceedings have been resolved.

John Austin (Erith and Thamesmead) (Lab): My right hon. Friend will know that the House used to have an annual debate on the Metropolitan police, when the Home Secretary was the police authority. Although we now have a police authority for London, today's tragic events have shown that there is a national dimension to the work of the Metropolitan police. Will he consider reinstating the debate on the role of the Metropolitan police, so that the whole House can discuss the national role that they play?

Mr. Hoon: I have already paid tribute, but am pleased to do so again, to the emergency services, especially the Metropolitan police. From my previous responsibilities, I know the extent to which the Metropolitan police provide specialist services and activities that are clearly to the wider benefit of the country as a whole, and I pay tribute to those who are involved in that work. I think that it is important that the House regularly debates the work of the police as a whole across the country, but in saying that I do not detract in any way from the excellent work being done by the Metropolitan police service.

Miss Julie Kirkbride (Bromsgrove) (Con): Following the Leader of the House's robust responses to the hon. Members for Eastleigh (Chris Huhne) and for Romsey (Sandra Gidley) about the payment of compensation in pension schemes when one of the companies involved is still trading, is he aware that exactly the same circumstances apply at MG Rover, whose pensioners are not receiving any compensation because one of the companies involved is still trading? Will the Leader of the House kindly give me a response to those particular circumstances, and make it clear that those people will eventually receive compensation?

Mr. Hoon: The hon. Lady knows better than I do that the financial arrangements at MG Rover are still the subject of investigation. There is still serious consideration of how to take forward the opportunities there, and the question of pensions is obviously of vital concern to many of her constituents and to others who were formerly employed at the company. I hope that she can be patient for long enough to allow the full inquiry to be completed.

Several hon. Members *rose—*

Mr. Speaker: Order. The Home Secretary has promised us a statement on the grave situation in London at the moment. I think that it would be more appropriate to suspend the House until the Home Secretary is here. I understand that he is ready, but he must brief his Opposition colleagues, and that is what he is going to do. I shall therefore suspend the House until 10 minutes to the hour. That will be the best course of action.

12.31 pm

Sitting suspended.

Incidents in London

12.54 pm

On resuming—

The Secretary of State for the Home Department (Mr. Charles Clarke): First, may I apologise to you, Mr. Speaker, and to the House for being slightly later than I had hoped in making this statement?

As the House will know, this morning there have been a number of terrorist attacks in central London. The situation is developing and I am not yet in a position to give a conclusive account of all that has happened, but I wanted to keep the House as fully informed as possible.

I begin by expressing on behalf of the whole country our sympathy for those injured and for the families and friends of those who have died. I am not in a position at this time to give precise details, but what I can say is that four explosions have been confirmed. The first was on a tube train between Aldgate East and Liverpool Street. The second was on a bus in Woburn place. The third was on a tube train between Russell Square and King's Cross and the fourth was on a tube train at Edgware Road station. As yet, we do not know who or which organisations are responsible for those criminal and appalling acts. Of course, our first responsibility is to protect and support the public at this time. The Metropolitan police are in operational command, using well established and tested procedures. The health services are providing first-class care and support.

On transport, the underground is closed and will remain so for some time; it will certainly be closed today. There are no buses in central London and Transport for London will decide when to resume services later today. Overground services are subject to substantial delays. Most stations are open, but some are closed. Network Rail will try to reopen them as soon as it can. Airports are operating normally. People are strongly advised not to travel into central London, as the emergency services must be allowed to do their work in the most effective way they can.

The Cabinet was informed this morning and since then I have chaired Cobra meetings to ensure that the whole Government commitment is properly co-ordinated and any necessary support is provided. The Prime Minister is returning to London from Gleneagles to chair a Cobra meeting later today. I will continue to keep the House fully informed.

David Davis (Haltemprice and Howden) (Con): I am grateful to the Home Secretary for coming to the House so promptly this afternoon. We understand only too well the matters that constrained his time.

I join the Home Secretary in saying that the thoughts and prayers of Opposition Members are with all those who were killed or injured earlier today and their families and friends. I, too, pay tribute to the men and women of our emergency services. Their response to events such as this is invariably heroic and we thank them from the bottom of our hearts.

This morning's explosions were acts of almost unspeakable depravity and wickedness, planned with the deliberate intention of taking innocent life, and the whole House condemns them utterly. This is an attack not just on our capital city, but on our country and our way of life as a whole. It goes without saying that the Government will have our full and wholehearted support in dealing with this assault on our society. We stand ready with them to play our part.

I welcome the Prime Minister's assurance earlier today that the important work of the G8 meeting in Scotland will go on and will not be disrupted by today's terrible events. Now is not the time to allow the terrorists to disrupt our lives in any way.

Now is also not the time for many questions, so I have just three straightforward ones for the Home Secretary. Could he tell the House what plans have been put in place to protect other British cities that may be at risk at this point in time? There is obviously confusion at such a time, but the most important thing is that people remain as calm as possible. To help with that, what plans do the Government have to keep the public informed about events as the day unfolds? Finally, will the Prime Minister or the Home Secretary return to the House on Monday, when more information is known, to make a full statement on this terrible event?

A prime aim of terrorists is to demoralise and divide our communities. It is right that we should be angry at today's atrocities, but it is no less essential that we should remain both clear-headed and united. We say to the terrorists that they will not succeed in setting us against one another. Britain has a long history of dealing with terrorism. We have joined together to fight it in the past; today we do so again. For now, the terrorism that walks the streets of London has no face, but whatever its origin, whatever its motive, our response will be the same—the British people will not be cowed and the terrorists will not win.

Mr. Clarke: I am grateful for the wholehearted and powerfully expressed support of the Opposition. First, I appreciate the remarks made by the right hon. Gentleman; they are in the spirit that I would expect. Secondly, the right hon. Gentleman is right to pay tribute to the vast range of men and women who are working to keep the city working as it should at this time, and to their personal heroism and courage in often difficult circumstances. Thirdly, when I spoke to the Prime Minister this morning about this, he was keen to make it clear that his colleagues at the G8 meeting in Gleneagles were, first, sympathetic and supportive to us in this situation, and secondly, exactly as the right hon. Gentleman said, they feel that it is very important that the important work of the G8 is continued, and that is very strongly the Prime Minister's view. I want to express publicly my appreciation for the approach of the other Governments.

Let me respond to the right hon. Gentleman's specific questions. I can confirm that we have very detailed analysis of the situation in other cities. Information is going to police forces throughout the country. The Association of Chief Police Officers is represented in the Cobra meetings that I have been chairing, precisely in order to deal with the concerns that he expresses.

We will continue to provide public information in a very coherent way. It is difficult—I will be candid with the House—because there are a large number of rumours and uncertainties going around, for perfectly understandable reasons; I make no criticism of that. As

the right hon. Gentleman says, that means that it is incumbent on me as Home Secretary, and the Government as a whole, clearly to communicate what is fact and not get drawn down too many speculative routes. That is why I have kept my statement to this relatively short set of remarks.

I can confirm that we will be very happy to give a full statement to the House next week. As I discussed with you a moment ago, Mr. Speaker, if it is necessary to make further statements before next Monday as the situation evolves, I stand ready to do so.

Sir Menzies Campbell (North-East Fife) (LD): This is a sombre moment for the House and for the country. Let me first, on behalf of my right hon. and hon. Friends, convey our condolences to the families and friends of those who have died and our sympathies to those who have been injured. I, too, acknowledge the magnificent response of the emergency services, who have once again displayed their professionalism and dedication.

There is an understandable temptation on these occasions to speculate and to attempt to draw early conclusions. Does the Home Secretary agree that that temptation should be resisted at all costs? Nothing would be worse than a rush to judgment based on incomplete information. It is inevitable in these matters that the primary responsibility will rest with the Government. In discharging that responsibility, they have our unqualified support.

Mr. Clarke: I thank the right hon. and learned Gentleman for the very clear and strong support that he has given, with which I completely associate myself. His remarks about speculation are entirely correct. An immense wealth of speculation can go into these events, and my determination, even as early as the meetings this morning, is to ensure that our decisions are taken on the basis of what is known, not what is speculated about.

In response to both Front-Bench spokesmen, the community as a whole, in my opinion, should seek to respond to these events in a calm and considered way—not to rush to judgment, but to make a decision based on the information that we are able to give, when we are able to give it, about what has actually happened, rather than on the sometimes fevered remarks that can be made.

I very much appreciate the support from the right hon. and learned Gentleman.

Frank Dobson (Holborn and St. Pancras) (Lab): I join my right hon. Friend and the other two Members who have spoken in condemning this terrible outrage, which has occurred partly in my own constituency, where people have been killed and injured. I join them in paying tribute to the emergency services. It would perhaps be right to note that when danger arises, while most of the rest of us run away from it, the police, the fire service, the ambulance service, transport staff and doctors and nurses run towards that danger to try to reduce it. I am sure that my right hon. Friend will agree that those people do that not because they seek any financial reward or incentive, but because they are motivated by the public service ethic and a sense of duty to their fellow citizens.

Mr. Clarke: My right hon. Friend is entirely correct. As a former Secretary of State for Health, he knows better than most in this House of the extreme professionalism and preparedness of the health services to which he refers. The Secretary of State for Health, my right hon. Friend the Member for Leicester, West (Ms Hewitt), and I have been keeping in close touch during the course of the morning, and she has had detailed accounts of what has happened that entirely substantiate the observations made by my right hon. Friend about the courage and commitment of those emergency services and of the other emergency services with which we are dealing.

I pass on my deepest sympathy to his constituents who are likely to have been involved in the events in his constituency.

Rev. Ian Paisley (North Antrim) (DUP): I should like to identify myself and associate my party and the people of Northern Ireland with what has been said. We salute those who have, in the midst of this trouble, taken it upon themselves to carry out their duties in such a patient and practical way—and in such a way as to have brought comfort, no doubt, to those whom they have sought to help.

I should like to ask one thing of the Home Secretary. Will he try, if he can, to ensure that the nearest of kin get the message first? In Northern Ireland in the early days of our troubles, the press, the media and other outsiders rang up homes and said, "We've rung to say how sorry we are that your brother has been killed", and the people did not even know that their brother had been killed. That brought extra pain and sorrow, as I am sure that the Home Secretary will agree. I know that he cannot ensure that that is done, but he can take steps to ensure that the attempt is made to do it, so that further sorrow will not be piled on existing sorrow.

Mr. Clarke: I very much appreciate the support of the hon. Gentleman, whose country and party are very familiar—too familiar—with the consequences of such situations.

On his question, yes, we will seek to ensure that the communication goes to the families directly. There is a well established procedure in place to try to ensure that that happens. It is a difficult process. Of course, I wish that I could guarantee that we would succeed on all occasions, but we will certainly do our very best.

Mr. Speaker: I call the Father of the House.

Mr. Alan Williams (Swansea, West) (Lab): The whole House will join me in unreservedly condemning this cowardly and calculated targeting of innocent civilians. Sadly, it is tragic proof that the warnings of terrorist attacks on London were not exaggerated; we can only wish that they were. The thoughts of the House, inevitably, are with the families of the casualties and the emergency services that are trying to help them.

It is too early at this stage to identify who is behind the attack. If any further information becomes available during the afternoon, will the Home Secretary consider making a statement at the end of business?

Mr. Clarke: I will certainly consider making a statement at the end of business but, as I said earlier, we need to keep events under review to decide whether to do that. As you and I discussed, Mr. Speaker, I am certainly ready to do it, and we will see how the situation evolves as we go on. In response to the right hon. Member for Haltemprice and Howden (David Davis), in all circumstances I am not only ready but keen to make a statement to the House on Monday to report on the situation.

It is important at this time to focus on doing our very best to support the public services in dealing with the situations that they are facing, and to be candid that is the centre of my attention. The issues that my right hon. Friend raises in terms of understanding what has happened and why it has happened will very quickly come to the forefront of our attention, as they rightly should, but at this moment, my focus with that my colleagues in the Cabinet, is on trying to ensure that we do our very best to deal with the situation that we face.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): On behalf of Plaid Cymru and the Scottish National party, I offer our unqualified support to the right hon. Gentleman. In condemning these unspeakable and senseless acts of cowardice, I wish him well in his efforts to stem what has happened and to bring these awful perpetrators of violence to justice.

Mr. Clarke: I appreciate the support of the hon. Gentleman and his party colleagues. It is encouraging that right across every fragment of opinion in the House, we say that our democratic methods are the way to prevail and that we are determined to do whatever we must in order to ensure that those who seek to destroy that democracy are unable to carry out what they would wish to do.

Mr. Andrew Dismore (Hendon) (Lab): Yesterday, Londoners were celebrating. Today, we are grieving, sympathising and waiting anxiously for news of our friends, relatives, loved ones and—in our case—constituents. Does my right hon. Friend agree that Londoners have resilience and common sense, and that we will bounce back from this terrible atrocity? Does he accept that we will listen to the advice that is given and wait before we make a judgment about who is responsible? Will he make sure that people are given clear advice about how they might get home, given today's serious disruption to public transport? It is essential that people know what to do in these circumstances. Some of us face a very long walk indeed if no public transport is available.

Mr. Clarke: On that final point, I can tell the House that my right hon. Friend the Secretary of State for Transport is focused on the problem of ensuring that people can get home properly this evening. He will be making judgments on that throughout the day and will give out information at regular intervals to ensure that people can live their lives as normally as possible.

On the question of resilience, I think that it is almost a truism to say that for generations the people of London have shown resilience in the face of appalling difficulties. I have no doubt that the reaction to events today will demonstrate the same courage. However, I want to highlight as well that the various governmental institutions around London present a much stronger and more co-ordinated approach to ensuring resilience, so we are now better able to deal with these emergencies. The combination of the resilience of our governmental structures and that of the people of London is the strength that we can celebrate today.

Defence in the World

[Relevant documents: The Fourth Report from the Defence Committee, Session 2004–05, HC 45-I & II, on Future Capabilities, and the Government's response thereto, Cm6616.]

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Brennan.]*

1.11 pm

The Secretary of State for Defence (John Reid): May I begin—*[Interruption.]*

Mr. Speaker: Order. Hon. Members must leave the Chamber quietly.

John Reid: I want to begin by thanking my opposite number, the right hon. and learned Member for Devizes (Mr. Ancram). The Conservative spokesman gave the Government his immediate and spontaneous understanding and solidarity today. He also kindly offered to agree to a suspension or postponement of this debate, if the Government decided that that was the best course of action, and I am very grateful for that. Like the shadow Home Secretary a few moments ago, the right hon. and learned Gentleman responded with the generosity of spirit that we expect from him, and with the character that symbolises this House in times of difficulty. However, it is right that we proceed with the debate. As was made clear in the statement by my right hon. Friend the Home Secretary, part of the intention of these awful acts is to disrupt democracy, and it is right that we should show how resilient democracy is.

The sun that set last night on joyous and happy celebrations in London this morning rose to a day of awful, criminal savagery. It brings home to us again the character and courage of the members of our emergency services. Even as we speak, they are the front line of our response to these terrible acts. I am sure that all hon. Members have them in mind, and the difficult and dangerous work that they do, as we continue our work here.

I am also sure that all of us will want to express our utter condemnation of those responsible for today's attacks. We must ensure that they understand that they will not win in their attempt to break our will or undermine our democratic response to today's events.

In a sense, what has happened today reminds us of the terrible dangers that our servicemen and women face as they act in the service of the country. Even as we attempt to cope with the situation here at home in London, thousands of our service personnel are deployed across the world. They are helping to improve lives, deliver security and ensure peace, and they display the professionalism, courage and selflessness that continue to inspire the people of this country. On my own behalf, and I hope on behalf of the whole House, I want to place on record my personal gratitude to, and admiration for, those serving in the British armed forces across the world. On a day when we are expressing our thanks to the emergency services here, I want to thank them for the job that they do.

Only a few weeks ago, I saw that work in Iraq. There, British troops are playing an essential role—amidst the same awful and terrible dangers as appear to have afflicted us today—in reconstructing the Iraqi security forces and that country's civil society. We should be proud—and we are—of the outstanding job that our forces have done in Iraq, as elsewhere. In those dangerous circumstances, they have made an immense contribution to improving the lives of millions of Iraqis, enhancing their security, and providing them with the opportunities that we have taken for granted for so long—to vote and to have better access to clean water, health care and education.

The 65,000 UK service personnel have made that happen. Rightly, they deserve our gratitude, but I also want to place on record our appreciation of the support given by their families back home. They deserve our heartfelt gratitude as well.

Our servicemen and women, and their families, have demonstrated the same bravery and determination to get the job done as did those who served in previous decades, including in world war two. This week is veterans week, and so this debate is timely. I know that the House will wish to join me in paying the warmest of personal tributes to those men and women who served their country in the second world war, and since.

A personal highlight of the week for me has been that I and the Opposition spokesman have had the honour to invite and accompany Winston Churchill's daughter Lady Soames to many of the events. It has been wonderful to see the bond of solidarity that still unites people of that generation. It has been inspiring to see how that spirit lives on, in small ways, after all the years.

Richard Ottaway (Croydon, South) (Con): The Secretary of State has moved seamlessly from Iraq to veterans, and I agree with what he has said. However, before he moves on, will he give the House some idea of the timetable that he envisages in Iraq? For how long does he think that our troops will be there? Anyone who has been there will realise that there is a huge amount of work to be done, and that the private sector must make a lot of investment. Unless the situation is stable and secure, the necessary investment will not be made. I believe that the troops will have to stay for several years: does the right hon. Gentleman share that view?

John Reid: I do not blame the hon. Gentleman for intervening—he was not to know that I intend to come back to the subject of Iraq. I was merely headlining some of the issues that I shall cover. In bald terms, we all understand that our task is to move forward to the political control of Iraq by the Iraqi people, to move forward in creating the capability among the security forces to protect and serve that democratic Government, and simultaneously to create the economic and social environment that demonstrates the benefits of democracy to the people of Iraq.

We have not set down rigid time lines for the downsizing or withdrawal of troops. Rather, we have made that conditional upon progress on political development and security and, to a lesser extent but nevertheless important, on the third element, economic development, but particularly the first two. This is not a prediction or a pledge, because our movement of troops will be conditional on the conditions that I set out, but I have said that I envisage that the trained complement of the Iraqi army—the army and security forces are now

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170,000 trained personnel—could begin the process of taking the lead, though not the exclusive capability, in some parts of Iraq in the next 12 months. We would provide multinational support for that as long as the Iraqi Government wish, but it is possible that that process will continue.

Simultaneously over that period, we envisage that the political development—that is, the inclusion of the Sunnis in the commission to develop the constitution, thereafter the referendum on it, followed by the establishment of a full democratically elected Iraqi Government by the end of the year—will be progressing over the time lines that we have laid out. I hope that gives the hon. Gentleman some idea.

Several hon. Members *rose—*

John Reid: I shall come back to the subject of Iraq, if hon. Gentlemen wish to wait.

Mr. James Gray (North Wiltshire) (Con): I am grateful to the Secretary of State for giving way. I know that he will join me in paying tribute to the 10 constituents who were killed in the terrible Hercules crash in Iraq recently, and I was pleased that he was able to attend the wonderful service in Salisbury cathedral in memory of them. Can he tell us when the report into the causes of that crash will be published?

John Reid: On the first point, yes, as the hon. Gentleman knows, I do indeed join him in expressing my deep, deep regret and condolences to the families of the servicemen whose lives were lost in that Hercules crash. From speaking to some of the families, I know that the hon. Gentleman has been involved in helping them as a constituency MP and more widely. I cannot give him a specific date. Obviously, I want the report as quickly as possible because I know that the grief of a family is only compounded by a lack of knowledge of the circumstances of that loss. I therefore hope it will be published as quickly as possible. I undertake after today's debate to go back and make a further gentle inquiry. I do not want to be seen in any way to interfere with inquests or inquiries of any kind. I may create another problem if people get the suspicion that a Minister is somehow intervening. Nevertheless, it is perfectly legitimate from time to time to inquire, and I undertake to write to the hon. Gentleman and to the families to give them my latest appreciation of the situation, provided that does not transgress any of the independent players looking into the matter.

Lembit Öpik (Montgomeryshire) (LD) *rose—*

John Reid: I will give way to the hon. Gentleman, although I was about to set out the premise of my approach to international affairs. It seems that we are dealing with all the other bits first.

Lembit Öpik: I am grateful for the Minister's generosity. He was beginning to touch on the question of troop withdrawal. Some in America have said that the American army may be in Iraq for 10 years. Can the right hon. Gentleman envisage any circumstance in which the British forces may be withdrawn, even if the Americans continue in place in Iraq?

John Reid: I thank the hon. Gentleman for his question. On the first part, I do not know of anybody who has said that the American forces would be there for 10 or 15 years, certainly not in their present configuration. I do know that my opposite number, the Secretary of State for Defence, Donald Rumsfeld, has said that he envisages—in contradistinction to some other comments that have been made—that it will not be an easy or a short insurgency to defeat, and that the insurgency could last for 5, 10, 12 or more years. That is not to say that the counter-insurgency will inevitably be led by forces other than Iraqis for that time period. The purpose of what we are trying to do now is genuinely to place the future democratic control of Iraq, with all its difficulties, with all its religious and ethnic groups—Sunni, Shi'a, Kurd—and to accompany that by a democratically controlled security force capable of defending that democracy and taking on the insurgency.

While it is possible to envisage a prolonged insurgency, through imported terrorism or through disaffected elements of the former regime—or through alienated members of the Sunni population—it is also possible, as the political element and the security of Iraq increase, to envisage that element taking a lead. That means that there is no definite time scale, but rather the prospect of a conditional withdrawal. I assure the hon. Gentleman that at the point at which the democratically elected Iraqi Government say "We would like you to go", we will go. I hope that that answers his question.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I know that some NATO countries—some NATO allies—have played their part very well in supporting us in Iraq, and have sent many troops. Is the Secretary of State satisfied that all NATO allies have done enough to support us in what we are trying to do—in our attempts to bring stability and democracy to Iraq?

John Reid: There are two issues here. One is the number of multinational forces we have in Iraq, and the number of countries involved—some 27. The other is the specific issue of NATO.

No one needs to be a genius to understand that the origins of the intervention in Iraq were other than non-controversial. Many of our NATO partners took a view that was different from ours. Therefore, when they are encouraged to come together and provide support, inside or outside Iraq, for the rebuilding of both a democratic Iraq and the security forces there, that must be done with a degree of persistence but with sensitivity. At present, given all the circumstances, I am happy that all the NATO partners are contributing in what is the best way for them, in the light of the position from which they started.

There are, for instance, countries that do not want to have troops on the ground in Iraq, but which are nevertheless helping to train the Iraqi police force, or have made offers of that nature. I think that, in all the circumstances, the international community has responded. I am always trying to urge the institutions, including the United Nations, to play a greater role in assisting the Iraqis themselves.

We would never want to reach a point at which, on balance, the presence of our forces was more a problem than a solution. There will always be an element of both in the presence of multinational forces, but we want to be sure that our forces are contributing more to the solution of the security problem than they are contributing to the problem itself.

Lembit Öpik: Will the Secretary of State give way?

John Reid: May I make a little progress first? I shall take interventions from Opposition Members shortly.

I shall now abbreviate and simplify what I was going to say. As this is my first debate on this subject, I was going to outline my personal approach. Over the past few years—ever since the statement that our foreign policy, the foreign policy of a new Government, should have a moral and ethical dimension—it has been easy to gain the impression that we have fallen into what our critics would call a certain pragmatism, and what others would describe as a neo-conservative agenda elsewhere. Let me set out in simple terms my own view of Britain's role in the world.

I believe that at home, domestically, as citizens of this country, we do not have absolute rights, and we do not have the right to get ahead irrespective of the consequences of our actions for others. I hope that our political background—certainly that of Labour Members—is one in which the role of a citizen of this country is encompassed by a combination, or balance, of rights, interests and responsibilities. I see our role in the world in exactly the same way. We are citizens of the world, a world that is shrinking almost visibly before us. Acts which, long ago, could be branded as something happening in faraway countries of which we knew little and for which we cared even less are now brought before our eyes every day through new technology and communications. Transportation systems take us from one part of the world to another in unbelievably short times. If we ever believed that our brothers and sisters in other parts of the world were no responsibility of ours, it gets harder by the year to do so. Therefore, in the international community and as a citizen of the world, this country has our rights to defend, our interests to maintain and also our responsibilities to discharge. In doing that, we sometimes have to use diplomacy, finance, aid and trade—all the matters that are being discussed at the G8—and also fighting power.

Sometimes we have to use fighting power to separate others, and sometimes to bend others to our will. That is the general approach that I take. In other words, I simply reject the view that if we take a form of action that coincides with anyone else's action, it is because it derives from some imposed neo-conservative view; it is because it derives from our own view of the world, which—at given points in time—coincides with action by those who hold other points of view.

Lembit Öpik: The Secretary of State's comments are helpful and enlightening. Do his comments mean that we are not necessarily committed to maintaining our troop presence in Iraq, for example, just because the Americans are there? Is it possible, at least in theory, for us to withdraw our forces even if the Americans are still on the ground?

John Reid: I never find these hypothetical questions very helpful. We are a sovereign nation, but we have responsibilities and allies. Chief among those allies is the United States. In general terms, I have made my view known. I spent decades opposing the US when it was bringing down democratic Governments and installing dictators. I do not have a problem when it brings down dictators and puts in democratic Governments, but that is not true for everyone.

In specific terms, in my opinion, the US armed forces and the population have shown a resilience and courage in Iraq—the hon. Gentleman will have his own views on that and, indeed, he has expressed them—that no one would have envisaged 10 or 15 years ago under such circumstances. Tragically, casualty figures for the Americans in Iraq are now approaching 1,800. We are a sovereign nation, but we will stay as long as the Iraqi Government want us and until the sort of conditions that I outlined earlier have been met. That is what we mean by saying that we will stay until the job is done.

Mr. Edward Leigh (Gainsborough) (Con): The Secretary of State has just given a very impressive little speech on the maintenance of British fighting power. Does he accept that that has depended crucially for the past two centuries on the Royal Navy, which is now—for the first time in all those years—smaller than the French Navy? That is a matter of crucial importance. Will he use his first speech to the House as Secretary of State to show his profound commitment to the Royal Navy and give an absolute commitment that there will be no mucking around with the building of the two new aircraft carriers, which are essential for the maintenance of our effective fighting power?

John Reid: I am grateful for the hon. Gentleman's comments about my nice little speech. I thank him for his nice little speech. Unfortunately, it is wrong. It assumes that bigger is better. He seems to have forgotten the lesson of Trafalgar, even within a fortnight of the 200th anniversary, that our side was smaller than the French and Spanish fleet. Nelson had 27 ships, compared with the 33 in the fleet he faced. He won, because fighting capability and power cannot be equated with the number of vessels. Fighting power depends on the technology on the vessels, how well trained the men and women aboard are and the morale of the troops. The training and morale of Nelson's troops gave him a huge advantage over the French and Spanish.

Let us bring the question to the modern world. Is it possible to have smaller numbers and greater capability? Of course, it is. For example, there were far fewer air sorties in the second Gulf war than in the first Gulf war but they hit far more targets because they used different technologically directed bombs—so-called "smart" bombs as opposed to dumb bombs. Let us consider the number of ships that are necessary for the United States to put out two, three or four carrier task groups. Because of the building of ships nowadays, there is a far higher return on the fleet on the sea active than would have been the case 10 or 15 years ago. That is why Defence Secretary Rumsfeld's prediction, when he worked for the Reagan Administration, that his fleet then would be twice the size of the one that he has now does not mean that his smaller fleet now is less capable. It is not.

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Although I respect the hon. Gentleman's work on the Public Accounts Committee, it is a false to assume that one necessarily has less capability because one has smaller numbers. That is patently not the case; otherwise we would have retained conscription in this country and would have 200,000, 300,000 or 400,000 soldiers who were very good at painting Nissen huts black and white but not very good at the front in a war.

Mr. Mike Hancock (Portsmouth, South) (LD): I have a great deal of sympathy for what the Secretary of State has said and support much of it. However, can I take him back to the subject of Iraq and ask him whether our American allies have asked us specifically to replace the capability that other countries are taking out of Iraq between now and the end of the year? A gap will have to be filled, and I am curious to know whether we have had a specific request to fill that gap.

John Reid: The answer to that is no.

Mr. Kevan Jones (North Durham) (Lab): My right hon. Friend argues that size is not always important, but does he agree that the Government are committed to one of the largest shipbuilding programmes ever? That is leading to shipbuilding returning to communities in, for example, the north-east when it was taken away from them under the Conservative Government.

John Reid: The answer to that one is yes. I agree with my hon. Friend. We are getting through a lot of questions.

Mrs. Madeleine Moon (Bridgend) (Lab): The Secretary of State will be aware that I met this morning delegations of workers from my Bridgend constituency who were exercising their right to lobby Members of Parliament about the possible removal of work at the Defence Aviation Repair Agency site in the constituency of my hon. Friend the Member for Vale of Glamorgan (John Smith). They have grave concerns about the possible loss of their expertise. Will the Secretary of State join me in recognising the concerns that those workers have asked to be conveyed to the House? The majority of them are ex-RAF personnel who want the House to understand their ongoing commitment to the defence industry and to the defence of the country. Will he recognise the important role that such defence workers play in the ongoing security of this country?

John Reid: Yes, I very much recognise that, and I do not blame my hon. Friend for raising her constituency interest in the matter. Workers in the defence industry play a very important role and, over the years, I have found that they have been prepared to go through some very difficult transformations and to re-educate, reallocate and so on in a way that has not been possible in every section of industry.

I hope that my hon. Friend will recognise, however, that the Government have an obligation, particularly when we have a duty of care, to make sure that, when we place young men and women in war situations, we get the best value for money not just to please the accountants but to make sure that the men and women whom we place in such situations are protected to the very best of our ability. Any pound that is wasted and that is not value for money is taken away from the protection, training, technology and so on that they have at the front.

I know that such points are borne carefully in mind by my right hon. Friend the Minister of State for the armed forces when he looks at these matters, but I hope that my hon. Friend will understand that we have an obligation, first and foremost, to maintain the effectiveness and output of our fighting power rather than a primary obligation to keep this or that industry in the position in which it has been for some time.

Mr. Gordon Prentice (Pendle) (Lab): Will the Secretary of State give way?

John Reid: I promise my hon. Friend that I will come back to him, but we are now 22 minutes into the debate and I have read only three paragraphs of my speech. I am more than happy to spend a lot of my time answering hon. Members' questions instead of making a formal speech because I know how important these issues are, but I should make a little progress, if for no other reason than my duty of care to my civil servants, who have spent a lot of time preparing this stuff. The three paragraphs that I have read so far were actually written by me, so that does not help to bring my officials in.

I was pointing out the balance of rights and responsibilities in the international community. Of course we can argue about the way in which those responsibilities are discharged, but these decisions are not easy. The decision about Kosovo was not easy, but on balance the House supported us going in there, even though the United Nations Security Council did not—there was a veto. However, the House felt that it had a morally compelling responsibility that superseded that veto. I suppose—and hope—that we are discharging such responsibilities by doing what we can in Darfur, too.

Those rights and responsibilities form part of what has become a more complex security architecture because, as the world has become even more interdependent and changed in the post-cold-war period, the nature of the threats to our security have changed. It is accepted that we must address the political causes of problems, which is why at the G8 summit we will talk about not only aid and trade in Africa, but hopefully the middle east peace process. We must do that in addition to using what we would traditionally regard as the defence posture, or physical fighting power. We will debate today the broadest context of our interests and commitments throughout the world.

I have already said something about Iraq. We said at the time that we were committed to the long-term reconstruction of Iraq and that is still true. It is why we are still there two years on and why we will remain there until we have helped the Iraqis to complete the transition to a secure democracy. As I said at the beginning of my speech, we will not be deflected from that commitment by today's events.

We are making steady progress in Iraq. The infrastructure was severely run down in the years before the war and has not been helped since by being the target

of terrorists and insurgents. Investment in services such as electricity and water, which was minimal for 20 years or more, is now increasing. Despite all the difficulties in the country, we can point to areas of progress. Around 2,300 schools and about 1,000 hospitals have opened. Some 70 million textbooks have been distributed. I do not want to present a glowing picture of the situation in the country, as some politicians have, but steady progress is being made, especially on the political and security sides. We are now embarking on discussions to allow the Iraqi people, through their representatives, to provide themselves with a constitution. They will then go on to a referendum and the election of a Government at the end of the year and I hope that the time lines will be met.

We remain committed to helping the Afghan people to restore security, stability and prosperity to Afghanistan. In the midst of the sombre situation in some parts of the country, let us remember that the presidential elections last October were an outstanding success, although that was unexpected in some quarters. The parliamentary elections this September will be a major step forward. About 1,000 personnel from all three services are deployed in Afghanistan, along with civilians. They are deployed as part of the NATO-led international security assistance force and also contribute to the US-led coalition. We are working alongside the Afghans and our allies to develop the capabilities and skills of the Afghan security forces, to help train the Afghan national army and to provide advice. Afghans and Afghanistan continue to need international military help. Elements of al-Qaeda and the Taliban remain active there; we have not destroyed them completely.

Opiates, drugs and narcotics remain a huge problem. I understand that something like 60 per cent. of the country's gross domestic product is connected with the drugs trade, which makes it a formidable task to deal with. In my view, no country can develop a stable, sustainable and uncorrupt form of government unless and until that is dealt with. About 90 per cent. of the heroin in this country comes from opiates derived from Afghanistan. That position represents a threat both to Afghanistan and the United Kingdom.

We have agreed that, next May, we will lead the Allied Rapid Reaction Corps headquarters, which has an essential part to play in dealing with Afghanistan. At that stage, we anticipate that international security assistance force control will move from its current location in the north and the west down to the south. We will play some part in that, in addition to our role in the headquarters of the ARRC. We will move down to Helmand province, but I cannot give the House further details at the moment for the simple reason that I have not yet decided. There will be a multinational presence there, but we are still reflecting further on the details, the costs and the allies that might be with us, but as soon as I have further details, I will present them to the House.

As with all the other issues that I have discussed so far, in the face of a complex, multi-faceted security problem—not just the physical presence of an enemy with guns and tanks—we will attempt to achieve the same in Afghanistan as we hope to achieve elsewhere. We also need to address some of the roots of the problems, which touch on alternative livelihoods, economics, humanitarian aid, policing, judicial systems, the Foreign Office playing a major role in the politics, democratic control for the Afghans themselves and, in that context, the use of fighting power and force. If we do the one without the other, none of this works any more than will attempts to solve all the world's problems by military intervention while ignoring the causal economic, social and political injustices responsible for the problems in the first place.

Mr. James Arbuthnot (North-East Hampshire) (Con): I entirely accept what the Secretary of State says about great strides having been made in Afghanistan to introduce democratic processes and the rule of law. In that context, does he agree that it would be helpful if the United States could announce the end of the regime in Guantanamo Bay, which tends to undermine our support for the democratic process and the rule of law elsewhere in the world?

John Reid: We continually discuss such matters with our colleagues in the United States and the right hon. Gentleman will not be surprised to know that that particular subject features from time to time in those discussions. I am not sure that it is helpful, though he invites me, to start giving public advice to our enemies on these matters. I believe that there is an awareness in the US that, in the immediate aftermath of the terrible and tragic events of 9/11, measures had to be taken, but as time goes on, they have to be continually reviewed. I am sure that the US will do that.

Moving on from Afghanistan, I want briefly to remember members of our forces serving in Northern Ireland, Bosnia, Kosovo, Cyprus, the Falkland Islands, Sierra Leone and elsewhere. By concentrating on only one or two major areas, we tend to forget that a great many servicemen and women face hardships and threats in their service abroad elsewhere. We should remember that their duties that are vital and demand considerable sacrifices. I can assure the House that, although those people may not be in the headlines at present, their contribution to defending our country and our security has not been forgotten.

Let me say a few words about our nuclear deterrent, which I am sure will remain a matter of continual discussion. Irrespective of the controversies about the tactics of those wanting unilateral nuclear disarmament 10 or 15 years ago, the deterrent has stood us in good stead over these years.

Of course we have done what we could over the past decade or so, particularly under this Government, to reduce our capability, and the House will know how we did so. We are the only nuclear power to have given up one whole system—the WE177 free-fall nuclear bombs—for the delivery of a nuclear deterrent. We publicly announced something that had, in fact, been undertaken by the previous Conservative Government: the detargeting of the missiles, which had happened as the cold war thawed. We felt that announcing that publicly and making the information public helped the process. We reduced the number of boats that were necessarily at sea at any given stage, so that there was one. So it takes days, not minutes, to retarget our nuclear deterrent.

All that has been done because the strategic defence review was committed to making reductions to what we called a minimum nuclear deterrent. Equally, we have

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made it clear, as recently as two months ago, that we are committed to retaining that independent nuclear deterrent. Before I give way to my hon. Friend the Member for Pendle (Mr. Prentice), who asked to intervene earlier—lest he wish to do so now—I wish to say that we have made no decision in detail or in principle about what comes next, by which I mean in 10 or 15 years' time, when the present system needs to be amended, reduced, enhanced or replaced by an entirely different system. We have not taken a decision on that, and when people ask me whether we will have the chance to debate and discuss that, I merely point to the past three Question Times and debates in the House, when hon. Members have already started to raise it, although I have not even started to consider the position on it. If my hon. Friend wishes, I will now give way to him.

Mr. Gordon Prentice: On that point—not on the issue that I wanted to raise earlier, because we have moved away from that, have we not?—does the Secretary of State agree with William Perry, the former Defence Secretary in the Clinton Administration, that there is a better than 50 per cent. chance of a nuclear explosion on US soil because terrorists have managed to get their hands on fissile material? What are we doing to safeguard and protect the fissile material that is scattered around all over the place in the former Soviet Union?

John Reid: I have not seen what was said on that occasion. I do not like to say whether I agree or disagree with something that I have not read. I hope that my hon. Friend will understand that; but certainly, what he identifies—the potential for nuclear or fissile materials falling into the hands of terrorists, for instance—is a very important subject and a very real danger. Through our non-proliferation activities and in many other ways, we constantly try to ensure—indeed, we have assisted the Russians in trying to ensure—that the dismantling of their warheads, many of which have been dismantled, and the storage of that material, and so on, is as secure as it can be. I cannot give any guarantee, as my hon. Friend knows, about other countries. I can assure him that we do our best in that respect.

On the safety of, for instance, nuclear warheads, I can assure my hon. Friend that, although we have not taken decisions about the replacement of the present Trident system, we have said—I have said so publicly in the House and outside—that we do, and will, spend money to maintain the existing system and, in particular, in a state of safety. An obligation of maintaining the nuclear deterrent in the first place is that we maintain it as both effective and safe.

Jeremy Corbyn (Islington, North) (Lab): I apologise for not being here for the other part of the Secretary of State's speech because of travel problems, obviously. He will have observed the results of the non-proliferation treaty review conference in New York, and he will also be aware that the non-proliferation treaty commits us and other countries—the other four permanent nuclear powers—to eventual disarmament. Will he give us some hint of what plans he has not to replace Trident but to ensure that we achieve nuclear disarmament?

John Reid: I fully understand the circumstances that delayed my hon. Friend today; had they been different, I would simply have told him that I answered that question—in part—when he was not here. In doing so, I pointed out that we have tried to de-escalate the number of warheads to less than 200, for example, so we have been playing our part. Yes, I am disappointed that we did not get an agreement on the non-proliferation treaty. The United Kingdom played a reasonably important part in those discussions—in fact, in some conference sessions we acted as European Union representative—and we tried to secure agreement on certain elements. I am sorry that we did not do so, but that does not mean that there are no other ways of making progress. I can assure my hon. Friend that in considering the various costs, the associated politics and the military aspects of a possible replacement for the Trident system, we will do nothing that is at odds with our obligations to the international community.

I want to turn briefly to an issue that has already been raised: the nature of our relationship with Europe and the United States. We continue to believe that a strong Euro-Atlantic partnership, with NATO at its heart, underpins our security policy. NATO is an enduring alliance and it has been hugely successful in adapting to a changing strategic environment. On the other hand, we do not believe that our commitment to NATO is in any way incompatible with developing a European security and defence policy and related activity. We try, wherever possible, to ensure that the two institutions act in concert and in partnership—not in competition—and that they do not duplicate resources in, for instance, Darfur or Sudan. After assuming the EU presidency on 1 July, we will continue to try to develop the ESDP, and to lead the EU in a fashion that dovetails with our belief in NATO as a successful military alliance.

In a sense, the current strategic environment, the complex nature of the necessary security response—as opposed to simply a defence response—to many of the problems that we face nowadays, and the obligation to accompany defence with political initiatives and financial, diplomatic and humanitarian assistance, plays into the character of the European Union. It allows us to accompany NATO alliance capabilities with a degree of civil-military partnership through the EU. That, in turn, enables us to grow both institutions effectively in terms of cohesion, activity and capability, and to make them complementary rather than competitive.

Those three words—cohesion, activity and capability—will mark anything that I do as pro tem president of Europe's Defence Ministers. We need to increase our capability, but it has to be usable capability. There is no good in having shop-window forces or great numbers on paper if none of them can be used, if they are not fit for purpose, or if they are not the flexible, deployable, expeditionary-type outreach forces that are necessary in the world today. Secondly, we need to ensure cohesion. We need to bring together the necessary political, diplomatic, financial, humanitarian and military responses, to use what we need when it is needed, and to make the right judgments on the right occasions.

John Smith (Vale of Glamorgan) (Lab): Does my right hon. Friend agree that the battlegroup formation in Europe will greatly enhance the capability of

individual countries and the contribution that they can make—unlike the single large force that was originally anticipated?

John Reid: I agree with my hon. Friend. He knows that we provided one of those battle groups along with our French colleagues, with whom we work closely on everything, as hon. Members know—except the Olympics. We will also provide a maritime battle group force in two or three years. That has added a dimension of capability to the European Union that is better than some of the pipe-dream plans for an all-Europe army that would stand ready to move.

The EU increasingly needs the ability to act when NATO is not fully engaged, especially when the EU's broader capabilities and contribution in crisis prevention and management can be of added value. It is not always about large deployments. With flexibility and sustainability, we can achieve the required effects in other ways, discharging our responsibilities through, for example, critical enablers, support capabilities or defence diplomacy tasks.

Mr. Gray: Will the Secretary of State give way?

John Reid: I am reluctant to do so because I am aware that I have tested the patience of the House a little. I know that everybody wants the best of both worlds—to intervene on the speech and to complain that is it too long—but I shall give way once more and then attempt to finish quickly.

Mr. Gray: The Secretary of State has been generous in taking interventions. Will he give us one clear and simple example of any task that a European defence force could usefully fulfil, which NATO or a national army could not?

John Reid: Some tasks require multinational activity in which the United States may not want to be involved heavily or at all. There is currently a requirement for a presence in Bosnia, but the US might fail. It contributed towards the presence but Bosnia is not primarily a responsibility of the other end of the transatlantic alliance; it is primarily the responsibility of the European end. I tell the hon. Gentleman what I sometimes say to my French colleagues: it is possible to maximise the utility of NATO and the EU in a non-competitive way, provided that we shape slightly different roles for them. The EU offers an opportunity especially for bringing together prevention, rehabilitation and civil-military organisation on the ground. That is not as easily achieved by NATO. Indeed, some of our transatlantic partners in NATO may not be especially enthusiastic about getting involved in those matters.

For example, let us consider Darfur. Sometimes I think that the world, by which I mean non-politicians—ordinary people who have as much insight and often greater sense than us—has watched events in the past 10 or 15 years and asked why somebody is not doing something. That was probably the case in Rwanda, is possibly the case in the Congo and definitely the case in Sudan.

Mr. Michael Ancram (Devizes) (Con): And Zimbabwe.

John Reid: As the right hon. and learned Gentleman says, it may well be the case in Zimbabwe as frustration with and tragic disappointment in the conduct of the country's leader grow.

When people ask why someone is not doing something, we have a duty to respond. However, we cannot always be in the lead. For example, in Darfur, it is right that the African Union should lead. We cannot always go in with only military means. Sometimes we have to go in under other leadership, for example, the African Union, and give an array of assistance, which is necessary for security but is not purely defence. I believe that we can develop some of the EU's possibilities and potential and the European security and defence policy without threatening NATO.

Although the position is better than in late 2004, Darfur remains unstable and insecure and the numbers of internally displaced people are increasing. Their protection and that of those who remain in their villages is not yet assured. The African Union's monitoring mission in Darfur is to be expanded to more than 7,000 personnel. Through NATO and the EU, we are making a contribution to giving logistic support and moving in the troops that the African Union wants to put in.

I appear to have made a mistake if I implied that we were in a battle group with France. I do not think that I said that—I thought that I said that along with France we provided a battle group. I did not mean that we provided a battle group along with France. There are two battle groups—our battle group and the French battle group. I hope that I have clarified my phraseology.

This week's events ensure that we will pass on the torch of remembrance to our younger people. There are three lessons. First, there is the unimaginably terrible cost of war. I am not sure that anyone in the Chamber has been involved in a war. I have not, and I do not think, however graphically it was described to me, that I could understand what it means to take part in war. The hon. Member for Blaby (Mr. Robathan), however, may have been on active service, even if he has not been to war. It is difficult for my generation, whose fathers, mothers, grandparents were involved in war, to understand it, but it is much more difficult for younger people. Veterans' week is partly meant to bring home to them the high cost of war.

Secondly, we must remember that difficult judgments about war can show us that the costs increase with appeasement. It is always difficult to make judgments, but one thing that we can learn from the 1930s and 1940s is that if we are not prepared to take a stand on certain issues early enough, those issues will not go away; and instead of thousands, tens of millions of people may die. Thirdly, we must learn the benefits of peace and partnership. Whatever our differences with our colleagues in Europe, it must be considered an unmitigated success that in the last 60 years, after centuries of war and loss of life on a grand scale, we have managed to maintain peace in western Europe through the European Union. That would not have been likely in every part of the present EU had that institution not existed.

[John Reid]

There are therefore lessons which we need to pass on. Above all, this week's events highlight the esteem in which we hold our armed forces and their importance. We maintain our position in the world and we act, I hope, through the discharge of our responsibilities as a force for good. Ultimately, that is because of the courage and hard work of the armed forces and the civilians who support them.

In conclusion, we owe a great deal to the armed forces serving today in many parts of the world, those who served so faithfully during the struggle against tyranny by defeating the most poisonous regime ever to emerge from Europe—the Nazi regime in the second world war—and those who have served their country and suffered hardship since then. Without them, none of us would be here today to defend and participate in democracy on behalf of a free people in a free country. That, above all, is the legacy and the testimony of those who have served in our armed forces.

2.8 pm

Mr. Michael Ancram (Devizes) (Con): It is quite a long time since the Secretary of State generously thanked me for offering to withdraw today's business if necessary in the light of this morning's circumstances. Like him, I am pleased that we have been able to hold this debate, as it is important that democracy shows that it is resilient against terrorism and that the terrorists are never allowed to achieve their evil purpose. It is therefore important that we debate this issue today. I apologise to the House because, for personal reasons, I cannot be here for the winding-up speeches.

Our debate takes place in difficult and, indeed, dark circumstances. This morning's incidents obviously have ramifications for our security and our defence. I am sure that there will be a time when questions need to be asked and perhaps lessons will need to be learned, but that time is not now. This is a time when our thoughts and prayers must be with the bereaved and the injured, and our gratitude, admiration and total support must be with our dedicated emergency services in the difficult work that they are carrying out on our behalf today. I pay tribute to them.

Like the Secretary of State, I pay tribute this week in particular to our veterans. It has been a real honour to be with them on a number of occasions and to be able to thank them for what they did for us. It is important that we never forget that and the sacrifices that so many of them made.

I pay a heartfelt tribute to our armed forces. We ask an enormous amount of them in Iraq, Afghanistan, the Balkans, the Falkland Islands, Cyprus, Northern Ireland and other places. I have seen them at work in those locations in my previous role as shadow Foreign Secretary and I can say only that their professionalism and courage are second to none—we owe them a great debt of gratitude, too. However, those widespread postings underline the changing nature of today's security threat compared with the more predictable threat of the cold war. The consequent demands on our armed forces have been far greater than expected, and they will continue to be so. As the Secretary of State pointed out, we will continue to have a world role. I agree with much of what the right hon. Gentleman said about our responsibilities in the world, but if we are to ask our armed forces to undertake those responsibilities on our behalf, we owe it to them more than ever to ensure that they are properly funded, properly trained and properly equipped.

The recent National Audit Office report summed up the position, stating:

"the operations on which the United Kingdom's Armed Forces are committed have consistently exceeded this planned level of activity in the past three years. The Department considers that it is likely to continue to do so for the foreseeable future."

Conservative Members have in recent years repeatedly emphasised that fact, which has important consequences for our armed forces' structure, their training, their equipment and their overall readiness.

The Secretary of State provided a more philosophical dissertation today, but it is important that we examine the NAO report with some care. In my view it made grim reading, exposing serious or critical weaknesses in the ability of large sections of the armed forces to meet their readiness targets. It finds that 36 per cent. of forces had serious weaknesses in their readiness levels and describes 2 per cent. as critical—although I understand that that problem has now been addressed.

The capabilities of the Royal Navy and the Royal Air Force are being degraded as money is diverted to the Army for operations in Iraq and Afghanistan. In just one year the Royal Navy has seen a sixfold increase in cannibalising, whereby spare parts are plundered from one ship to keep another at sea, and for five of the past six years the armed forces have been operating at levels far above those thought to be sustainable.

On the Army, the report specifically finds that

"the Land contribution to any Joint Rapid Reaction Force will remain limited beyond the end of 2006."

It states:

"there continue to be shortages of essential personnel, including general and specialist medical staff"—

and that

"the cannibalisation of equipment will deplete the remaining pool of equipment that is available for other operations or to replace equipment damaged on operations."

That raises serious questions, which I hope the Minister of State will answer when he winds up the debate. For a start, what land contribution are we currently able to make and what units are potentially available? How many units, whether on operations or not, can be properly equipped following a process of what the report calls cannibalisation?

The report paints a devastating picture of the extent to which the Royal Navy has been deliberately degraded. It states:

"the Department has deliberately decided that it should take risk against the peacetime readiness levels of some maritime forces, reducing resource allocations for the first two years"

of the planning period. Those changes have introduced further risks to the Royal Navy's capability. The report notes:

"The readiness of the fleet began to decline in 2002 . . . and is forecast to keep falling during the Reduced Support Period, recovering, in a best case, from 2006–07 and in a worst case only after 2010."

How on earth does that meet the short-term availability needed for the taskforce requirements of the Government's expeditionary strategy and the long-term versatility of the fleet that is supposed to be at the heart of current defence doctrine?

Mr. Gordon Prentice: We heard the Secretary of State say earlier that size does not really matter. Is there an irreducible minimum size for the Royal Navy?

Mr. Ancram: I was coming to that. The Secretary of State used the example of the battle of Trafalgar. However, the great thing about the battle of Trafalgar was that although we had fewer ships, they were all in the same place, where they were needed. The simple truth is that a ship, however potent it is, cannot be in more than one place at a time. As we reduce the numbers, we therefore reduce the capabilities. This is nothing new. I draw the hon. Gentleman's attention to early-day motion 151, which has been signed by 99 Conservative Members. I am sorry that it appears not to have been signed by anyone from the other parties. It says:

"This House acknowledges that modern warships are much more powerful than their predecessors, but notes the obvious fact that the same vessel, however potent, cannot be in two places at once; deplores statements by the Government in the previous Parliament that numbers of platforms are no longer relevant".

I suspect that that addresses the point that the hon. Gentleman was making.

Mr. Leigh: Will my right hon. and learned Friend give way?

Mr. Ancram: I will in a moment.

The recent Trafalgar day on the Solent, which I was privileged enough to attend, was certainly an uplifting experience, but, like my hon. Friend the Member for Gainsborough (Mr. Leigh), I felt a twinge of shame that our Navy is now smaller than that of France. I want to ask the Secretary of State whether our maritime security interests are really less pressing than those of France. If not, why are we allowing a situation to arise in which we are less able to deliver on them?

Mr. Leigh: My right hon. and learned Friend might have heard me draw the NAO report to the attention of the Secretary of State at Defence Question Time on Monday. The Secretary of State replied that our forces in Iraq were showing their customary verve and élan, as the NAO report also makes clear in a very balanced judgment. Does my right hon. and learned Friend agree, however, that we are now reaching a serious situation, particularly in regard to the Royal Navy? Does he agree, too, that there is a heavy responsibility on him? We have to make choices in opposition. I am not going to press him too much on this point now, but there are financial choices to be made, and we must make a commitment that we will reverse this decline in the Royal Navy when we next enter government.

Mr. Ancram: My hon. Friend will find that another early-day motion that was tabled recently deplores the fact that four of our frigates are being decommissioned at the moment. Indeed, I attended a very sad ceremony in Marlborough in my constituency last Sunday, at which we undertook the custody of the bell and the ensign of HMS Marlborough, which is being decommissioned this weekend. We made it clear during the election that, by providing £2.7 billion more than the current defence budget, we would have kept those four frigates. We made that undertaking at that time. Obviously, we are some way away from producing our next election manifesto, so my hon. Friend will understand if I do not go into details of commitments for the future.

Mr. Kevan Jones: Will the right hon. and learned Gentleman give way?

Mr. Ancram: I will in a moment.

It is obvious that if these reductions—

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Will the right hon. and learned Gentleman give way?

Mr. Ancram: May I just finish this point? Then, I will certainly give way.

If these reductions are to be made, it is obvious that the Navy will have to change the way in which it works. We cannot go on doing what we are doing with less and less to do it with. In the Government's response to the House of Commons Defence Committee report, "Future Capabilities", they stated that

"this year we will be implementing changes to three of our six Standing Tasks".

That will result in further reduction in the provision and support for British interests and overseas territories. In my view, this represents another abdication of our responsibilities. This is a sad day for the Navy.

Mr. Ingram: I remember the Conservatives' promise of the £2.7 billion investment. However, it was based on a proposed £1.8 billion cut in defence, related to inefficiencies. We asked at the time where those cuts were going to take place. Will the right hon. and learned Gentleman tell us the answer now?

Mr. Ancram: My predecessor, who did a tremendous job at the Dispatch Box, made it clear on a number of occasions that we had worked out our figures very carefully. At the last election, we were able to say categorically to the country that we would have saved those four frigates. We would have made that money available, and we would have saved the four battalions as well.

Mr. Kevan Jones: Am I picking up correctly the thrust of the right hon. and learned Gentleman's argument? Is Conservative policy on the Navy to retain numbers irrespective of the task that needs to be done or any change in the jobs that the Navy has to do nowadays? In that case, we should still have a Navy of cold-war size for a task that no longer exists.

Mr. Ancram: No, as the hon. Gentleman would understand if he had listened to what I said. The Government admit that the Navy's tasks will have to change owing to the reductions that they are making. The Government are having to accept that that is what

[Mr. Ancram]

their reductions involve. For example, when we consider the decommissioning of frigates, HMS Marlborough was 15 years old and HMS Grafton is eight years old. The idea that we should scrap, decommission or sell on to another Navy ships that were commissioned only within such time periods requires serious explanations from the Government that have not been forthcoming.

I turn to the RAF. The NAO report refers to the temporary reduction in flying hours for fast-jet pilots from 17.5 hours a month to 16.5 for the duration of 2005–06. The current requirement is already a reduction from 18.5 hours, and the number of flying hours for fast-jet pilots has been reducing over recent years. On Monday, the Minister of State said:

"We intend to increase the hours next year."—[*Official Report*, 4 July 2005; Vol. 436, c. 13.]

So will he tell the House whether that intention to increase flying hours will benefit all our pilots? Will flying time return to 18.5 hours or more? If not, what assessment has he made of the impact of the present reduction on the training of our airmen? Does he agree with the NAO that it could seriously degrade the skills of combat pilots? That is a very serious accusation indeed.

The NAO report should shame the Government. I have to say that I feel sorry for the Secretary of State because I believe that his heart is in the right place in relation to defence and our armed services. Certainly, much of what he said today indicated that. However, in the strategic defence review, for which he can take personal credit, the shortfalls that we are dealing with at present were not envisaged. His frustration at the bad stewardship of his predecessor, the current Leader of the House, on whose watch all that occurred, must be as great as mine. I hope that the Secretary of State will not be as supine as his predecessor in the face of the Chancellor of the Exchequer, who is really the cause of the trouble. He has never understood the nature of defence and has cared even less.

The truth is that at a time when our armed forces are pressured as never before, with deployments constantly above normal levels, the Government have been responsible for a catalogue of disasters that have reduced the effectiveness of our armed forces and cost the British taxpayer millions of pounds. Let me give the Minister a few examples; the first one may be small, but it is indicative. The Ministry of Defence spent £5,000 on torches for the SAS that could not be used because they rattled.

The MOD lost track of 200,000 sets of body armour and £241,000-worth of ammunition—in Afghanistan of all places. The MOD accidentally—that is the word that was used—scrapped helicopter rotor blades at a loss of £151,000. It mislaid two huge C130 transport aircraft undercarriage struts at a cost of £296,000. A human centrifuge used to train pilots was scrapped because it was too expensive at £14 million, but the MOD had to pay £14.4 million to scrap it and the Malaysians took delivery of it. The list is endless.

Losses and special payments have risen relentlessly under the Government. The amount was £116 million in 2001–02, £260 million in 2002–03, £559 million in 2003–04 and the cost may top £1 billion in 2004–05. That wasted money could instead have been used to avoid some of the damaging cuts announced recently. If those losses and special payments had been brought under control, the Royal Navy could have retained its frigates and the Army its four battalions. It is hardly a record of which to be proud.

Mr. Kevan Jones: Any wastage should be stamped on, but was not the right hon. and learned Gentleman a member of a Government who dug a huge hole at Rosyth when they took the decision to move nuclear facilities to Plymouth, wasting about £900 million?

Mr. Ancram: I do not have the full details of that and I would not want to answer the hon. Gentleman on that basis. However, I remember certain areas of expenditure, not on defence, but on the dome and in other areas, where the Government have shown themselves to be very insensitive to the way in which they waste public money. In this case, what makes it worse is that they are not only wasting taxpayers' money, but doing so in a way that is reducing the security of this country and letting down our armed forces.

The Government should be even less proud of the gaping vacuum that is growing in the vital context of training. The squeeze on the defence budget has had a devastating effect. Reductions in training have a progressively damaging effect on fighting power and ethos, and its maintenance should be central to the Government's policy. While a heavy commitment to operations can offset some of these disadvantages, particularly in respect of command training, reducing activity levels for field force units that are not committed to operations is a self-inflicted wound. It is important that our servicemen and women be properly trained—certainly as well as previously, if not better. That is simply not the case today. Individual soldiers are less well trained than they were, training standards are too low, gunnery and field firing camps are cancelled, and training between infantry, tanks, engineers and those parts of the Army that may have to co-operate and fight together rarely takes place. I understand that the Ministry of Defence is even examining whether to cut brigade level training further.

The Territorial Army, the Royal Naval Reserve and the Royal Auxiliary Air Force have traditionally supported and complemented our regular forces. Without their dedication, our regular forces would not be able to function as they do. They have become an integral part of our ability to operate on the ground, not least in conflict situations. But is it right to put such pressure on them, and on their families and jobs, just because the Government will not face up to the damage to regular recruitment caused by their defence policies? The trend in recruitment should be ringing louder alarm bells. Far from being buoyant, as it was described by a Minister a month ago, official figures that we have received from the Government in answers to written questions show that recruitment to the RAF has more than halved in the past three years, while the Royal Navy has experienced a 30 per cent. fall and the Army a 20 per cent. drop.

Those figures are alarming and underline the effects of the significant pressures that are being placed on our armed forces by this Government. Our reserve forces are

not an infinite supply. The dramatic fall in TA recruitment since 1997, which was also recorded in a recent written answer, speaks volumes. Soon they will not be able to backfill for regular units. Then the emperor's new clothes, which are largely hidden by the TA blanket, will be revealed, and the Government will have a real security crisis to address but nothing to address it with. That is a black hole that no responsible Government should allow to arise.

John Reid: I apologise to the right hon. Gentleman and to everyone else in the House, Madam Deputy Speaker. I really would like to stay to discuss some of these issues of war and peace and life and death, but for reasons that will be obvious, the House will understand that I have to leave for Cobra and another series of meetings.

Mr. Ancram: I am sure, Madam Deputy Speaker, that I speak for the whole House in saying that we entirely understand that the Secretary of State has to leave. Indeed, he was kind enough to tell me before the debate that he might have to do so, and I undertook, on behalf of Conservative Members, to be understanding about that.

I wrote to the Secretary of State following an article in *The Sunday Times* that suggested that there was a £18 billion black hole in the procurement budget. In response, he queried the basis of the calculations and claimed that the equipment plan was fully funded. However, I remain to be convinced. The MOD's performance partnership agreement with the Cabinet Office and the Treasury states that the MOD must ensure

"a more conscious match between equipment capability requirements and resources with a more balanced and affordable 10-year Equipment Programme".

Can the Minister tell us which programmes have been cut to achieve that "more conscious match", because those words do not mean anything otherwise?

Certainly, there are major budgetary pressures in the MOD's key programmes. I gather that the network enabled capability programme was recently reviewed and that the four-star change delivery group

"re-emphasised its importance stating that the Department's ability to deliver the EP in future years... depended on successfully addressing and avoiding the £2.3–3.4Bn estimated integration risk in the EP."

Perhaps the Minister can tell us a little more about those integration risks.

In my letter to the Secretary of State I asked him to publish the equipment plan. Many other countries, including Australia, New Zealand and the US, are able to publish their equivalents without damage to national security. I am sure that publication of the EP would be very much welcomed on all sides of the House. The truth is that our armed forces are undermanned, underequipped and undertrained. Given what I have just said, the prospects look even grimmer.

The Secretary of State mentioned the future of the nuclear deterrent. The Opposition hope that a full debate on the matter will be held soon. I shall not deal with it in detail today, but the Minister of State should be forewarned that I suspect that my hon. Friend the Member for New Forest, East (Dr. Lewis) may have something to say about it when he winds up for the Opposition.

Jeremy Corbyn: I am interested that the right hon. Gentleman is looking forward to a debate on the nuclear deterrent. In his early-day motion 149, he calls for a replacement for Trident. I have offered a helpful amendment to that EDM, but unfortunately he has not accepted it. Is he serious about having a debate on the need for Trident or would he just go ahead and order a new generation of nuclear weapons?

Mr. Ancram: We have made it clear that we want a debate before a final decision is taken. Our motion sets out the Opposition view of the matter, and has been signed by 102 hon. Members. In contrast, what the hon. Gentleman calls his helpful amendment has been signed by just four people so far. On that basis, hon. Members are already giving some indication of which side of the argument they support.

Mr. Gordon Prentice: Has the right hon. Gentleman had the opportunity to discuss in detail with Michael Portillo, the former Conservative Defence Secretary, what caused him to change his views on the deterrent?

Mr. Ancram: I read Michael Portillo's article. He is a very lucid and fluent writer and I understand what persuaded him, but it did not persuade me. The Opposition want a full debate on the nuclear deterrent so that we can explain our position, and so that those with a contrary view can do the same.

In a wide-ranging debate like this, we are also able to explore specific military operations in which we are involved overseas. Like the Secretary of State, I shall start with Iraq. I supported the war, and still support it. However, I have long been critical of the abject failure to plan for the aftermath—a failure in which the Government were totally complicit. The disbandment of Iraq's internal security apparatus, which I criticised at the time, was, quite frankly, crass. Even the American Administration has made it clear that they think that it was a mistake. It created a security vacuum, into which insurgents poured. They continue to do so, and we are paying a heavy price for that.

Ever since the remarkably successful election in January, Iraq seems to be descending deeper into violence. The rise of ethnic militias, the weakness of the economy, continuing high levels of insurgency and the endemic kidnappings continue. All, I fear, flow directly from the lack of a post-conflict plan. The consequences are clear. We are told that the troops will stay as long as necessary and, in the much used phrase, until "the job is done". But what is the definition of "the job", and who will judge when it is done? What are the geographical limits within which we will judge whether the job has been done sufficiently for our troops to start coming home? Does "the job" refer to our area of control in Multi-National Division (South-East), or to what is happening throughout Iraq?

On Monday, I asked the Secretary of State the same question. He said that the Government

"have not decided and do not have any plans for operating outside MND (South-East), but it is impossible to make those decisions until we get to that stage."

[Mr. Ancram]

Once the Government consider that the job in MND (South-East) is done, will the Minister clarify whether he would be prepared in principle to extend the mission of the British armed forces outside that area, if the US Government were to ask for British troops to assist in other sectors? If so, what would be the criteria governing such a decision? That is an important question, because drawing down ultimately depends on restoring adequate stability and security to Iraq, which itself depends on the presence in those areas of sufficiently trained Iraqi security forces.

On Monday, the Secretary of State said that

"approximately 170,000 security forces . . . are now sufficiently trained gradually to take the lead in counter-terrorism."—[*Official Report*, 4 July 2005; Vol. 436, c. 15–16.]

In the interests of transparency in this central part of the coalition's plans to ensure future security in Iraq, will the Minister say how many of the Iraqi security forces could take the lead in counter-terrorism today? Is there any truth in reports that right now only three of 107 army battalions—that is, about 2,500 troops—are fully capable of operating independently?

Everything in the end follows from security. In its absence, reconstruction cannot go forward, Iraqis will not put their faith in their Government and we will not be able to leave responsibly. We need a clear indication not of the timetable, but of the Government's strategy for eventually leaving Iraq. The answer to the foregoing question may, however, to a large extent depend on our commitments to Afghanistan and the international security assistance force. The violence in Afghanistan, as we know, has recently heightened. There are new fears that Taliban forces will escalate attacks in the run-up to the September elections. There are growing concerns that the coalition forces are increasingly involved in a war of attrition and, worse still, a potential drugs war as well.

The Prime Minister said in 2001:

"Ninety per cent. of the heroin on British streets originates in Afghanistan. The arms the Taliban are buying today are paid for by the lives of young British people buying their drugs on British streets. That is another part of their regime we should seek to destroy."

There is a terrible irony in those remarks. The Government volunteered to take charge of narcotic eradication, yet under their control poppy production is now at all-time record levels. US diplomats in Kabul are openly claiming that the United Kingdom is, in their words, "substantially responsible" for the failure to eradicate poppy fields. The question I have for the Minister of State is this: what is our priority and what will be our priority over the next years in Afghanistan—to quell the insurgency or to curtail poppy production? In both cases, what genuine support can we expect from Afghan forces?

The divisions over Iraq led to one of the worst periods in transatlantic relations for the past 60 years. The recent disagreements over Darfur were a further reminder of the animosity on defence that, in my view, sadly and wrongly has developed between NATO and the European Union. The agreement made between NATO and the EU in relation to Darfur on 9 June was a fudge. The United States wanted NATO to co-ordinate the airlift into Darfur. France demanded an exclusively EU mission. Now NATO and the EU will run side-by-side airlift missions, supposedly co-ordinated through offices in Addis Ababa in Ethiopia. Britain, in order to be friendly to both sides in this extraordinary situation, will be involved in both. It could not be worse. This unseemly spat and the grubby compromise that has followed it is bad for the suffering people of Darfur, for Europe and for the transatlantic alliance.

Europe, working through NATO, has an unprecedented chance to prove its military worth. Europe, working separately, will not do so. Many continental forces have only the most basic logistics and communications capabilities and can hardly operate at all at any distance from home. Few can credibly sustain their own operations and have to rely almost entirely on the United States for intelligence, strategic support and military muscle. Separate European military structures are a self-delusion that can only weaken Europe and undermine NATO. With profound changes of thinking in America, they might eventually even decouple the US from the defence of Europe. It is a high-risk strategy and one that I totally deplore.

On 15 June, the Prime Minister, rather surprisingly, referred in the House to the need for what he called

"serious debate . . . about. . . security policies for Europe in the early 21st century",

and he added the question:

"is our main alliance still with America?"—[*Official Report*, 15 June 2005; Vol. 435, c. 255–56.]

We would answer that with a resounding yes. Would the Government do so in the light of what has happened?

At a time when NATO can and must provide readily available, well trained forces for Afghanistan and Iraq, it would be a disaster if it was allowed to be undermined by ancient French jealousies or the fantasy of a European military superpower to rival the United States of America. NATO must remain the cornerstone of our national security and we must continue to play our full part in it. We must strengthen rather than weaken our armed forces. We need more infantry and more front-line capability. We believe that our Navy is now dangerously small and weakened and that scaling down our air power risks our security.

The Government's defence policy owes more to the Chancellor's long-term ambitions than to the security requirements of the nation. We need greater manpower, better equipment and more training. Under this Government, in each case, we are getting less. They are risking the well-being of our armed forces and the security of our citizens. It is time they went away and thought again.

2.39 pm

Mr. Gordon Prentice (Pendle) (Lab): Thank you for giving me the opportunity to speak, Mr. Deputy Speaker. I had to think twice about whether I wanted to speak: this is a very sombre day.

I shall confine my remarks to the subject of the nuclear deterrent. I do not want to be painted as some kind of eccentric or peacenik, or as someone who would

gamble with the nation's security. That is the charge that is normally levelled at people who question our need for the nuclear deterrent. It is a funny old world, is it not? We have a former Conservative Defence Secretary, Michael Portillo, saying publicly and very cogently that there are better ways of spending the money.

I have often told people outside that this place is like a giant adult education institute where we can learn things. Four or five weeks ago, I learned a huge amount from Robert McNamara, who spoke in the Moses Room in the House of Lords. Opposition Members were present. It was as if I were in touch with history. Robert McNamara was 88 years old and as sharp as a tack—slightly deaf, but so impressive. There he was, 40 years ago, in the Oval Office at 4.30 pm on Saturday 27 October 1962—not as a note-taker but as an active participant, advising the President on how to respond to the Cuban missile crisis. There were three people in the Oval Office: McNamara himself, President Kennedy and the chief of the Joint Chiefs of Staff. Robert McNamara referred to him as "the chief".

Robert McNamara told us that the military were pressing for an invasion of Cuba. The military said that the CIA had intelligence showing that the missiles—there were photographs of them—did not have nuclear weapons on them. I was a paper boy at the time, frightened out of my wits like everyone else. Kennedy was told that there was a flotilla approaching Cuba with those nuclear warheads. The military said "You have got to invade, Mr. President." Of course, Kennedy did not invade. The flotilla turned round and went back to the Soviet Union.

Robert McNamara told us that it was only on the dissolution—the collapse—of the Soviet Union that we found out that there were missiles there that were targeted and had nuclear weapons attached. The information that the CIA and the military gave Kennedy was simply wrong. Had they decided, at 4.30 pm on Saturday 27 October 1962, to invade, there would probably not be a planet Earth now—or it would be just a charred sphere circling the sun.

Robert McNamara spent a lot of time thinking about that. He is not a peacenik; he is not an eccentric; he is a man who knows what he is talking about. He is advocating a massive cutback in the world's nuclear arsenal. He told us, and Opposition Members, that the United States had 6,000 strategic nuclear warheads, each with the destructive power to cause a Hiroshima. Of those 6,000 nuclear warheads, 2,000 are on hair-trigger alert, and can be launched in 15 minutes. Robert McNamara told us that that was

"so bizarre as to be beyond belief".

Despite the end of the cold war fifteen or so years ago, McNamara said that US nuclear weapons policies are today essentially what they were 40 years ago. He said that they are

"immoral, illegal, militarily unnecessary and very, very dangerous in terms of the risk of accidental use".

That is despite the non-proliferation regime that has been with us for 40 years. His speech was an education to me and to all those MPs and peers who listened to him with such rapt attention.

It is not only Robert McNamara to whom we should listen. We should also listen to the former US Defence Secretary—a succession of Defence Secretaries are speaking out on this issue—William Perry, who served in the Clinton Administration. My friend the Secretary of State for Defence appeared to be unaware of William Perry's remarks, which is unfortunate, because they are important. William Perry said:

"There is a greater than 50 per cent. probability of a nuclear detonation on US soil within the decade."

Why did he say that? He said it because there is fissile material lying around all over the shop that is not being safeguarded. In the former Soviet Union, there are nuclear dumps everywhere. There are rotting nuclear submarines in the Arctic. The whole world is scattered with debris left over from the cold war.

The US spends the staggering figure—I would run out of zeroes if I tried to write it down—of $400 billion on defence. Robert McNamara told us that if it spent a tiny fraction of that, perhaps $1 billion, on attempting to safeguard the fissile material, we would all sleep more safely in our beds.

Peter Viggers (Gosport) (Con): I am listening to the hon. Gentleman's speech with great interest. For the sake of completeness and accuracy, he should perhaps mention the significant amount of money and support that the US gives to the disposal of nuclear weapons within the former Soviet Union.

Mr. Prentice: I do not doubt that, but Robert McNamara says that more should be done. It is an incontestable fact that those dumps exist and that they are not secure. They should be safeguarded. In fact, two US senators, Sam Nunn and Richard Lugar, sought to make appropriations to safeguard and protect those nuclear dumps, but their efforts were not taken up by the Administration, which is astonishing.

We have the bombs in London today and the tragedy of what has happened, but it is hard to imagine what might happen if some of these crazed, fundamentalist, Osama bin Laden terrorist groups got their hands on fissile material and had a suitcase nuclear bomb. I am not being fanciful. We must wake up to the possibilities. We need our Ministers to talk to the Americans and the others on the UN Security Council to get them to start taking the issue seriously. Instead of lecturing the country about how we need to update Trident, we should do something about safeguarding that fissile material, which could be the end of us.

My generation has grown used to the bomb. We grew up with it and it is very familiar. I was chatting to a colleague of mine, George Adam, who is the deputy mayor of my local council. He told me of his time as a serviceman, when he was sent to Christmas island for the British nuclear tests. He and the others were told to dress in white overalls. When the bomb was about to go off, he was told to turn his back to it, screw up his eyes and put his hands over them. He did that, but he told me that, when the bomb went off, he saw a blinding flash of light through his hands. He has not forgotten that and, when he told me about the Christmas island experience, I thought we should perhaps educate or re-educate people about the consequences of nuclear weapons and the terrible instability that they cause.

[Mr. Prentice]

As we know, the Prime Minister is a great believer in open debate; he wants to encourage it. A couple of weeks ago, in answer to my friend the Member for Sunderland, South (Mr. Mullin), he said that the Government were going to

"listen to hon. Members before making any decisions".—[*Official Report*, 29 June 2005; Vol. 435, c. 1292.]

He said "listen", but the tragedy is that we will not have a vote on the matter in this House of Commons. We could spend billions on what, if anything, is to replace Trident. What is the point about endless debate on the deterrent if we cannot decide here whether it is the right thing for the country?

My friends the Members for Erith and Thamesmead (John Austin) and for Newport, West (Paul Flynn) and I have tabled a motion for debate in the parliamentary Labour party. It is not there to embarrass the Government. It says:

"This PLP questions the wisdom of spending billions replacing the Trident"

nuclear deterrent. The chair of the PLP has told me that the motion will come up for debate before we break for the recess, and I shall press it to a vote in the PLP. I see my friend the Member for North Durham (Mr. Jones) shaking his head, but it does not matter whether the vote is lost. Sometimes we just need a vote, instead of having decisions taken by some kind of osmosis. A lot of people out there, and many young people, want us to take a more robust line on nuclear disarmament. They do not want to hear macho posturing; they want us to take the issue seriously.

The Minister who replies will tell me that it was a manifesto commitment that we retain the nuclear deterrent. Sometimes before we enter into manifesto commitments, we could have a ballot of all Labour party members. If we had such a ballot of all members—a kind of clause IV moment—we would not spend billions replacing Trident.

My friend the Defence Secretary said in the debate and on Monday in defence questions that the Government are making progress. I acknowledge that. He told us that the Government unilaterally—so they can do some things unilaterally—have got rid of the WE177 freefall nuclear bomb and have de-targeted the Trident missiles. All those Trident missiles are prowling about on the ocean floor, but they are not targeted at an enemy. The Government have reduced—this is my Government—the number of warheads and the number of boats at sea, and I think that that is great. We ought to applaud and acknowledge what the Government have done unilaterally, but it is not enough. We still have Trident submarines, whose sole purpose—they do not have a dual purpose—is to blow up the world. I would get rid of all the Trident submarines, unconditionally.

There are some people on my side and definitely some on the Opposition Benches who say that that is a step too far. Perhaps the former Soviet Union, or Russia, is no longer a threat, but what about the Irans and North Koreas of this world? We could spend a few millions on a stand-off cruise missile, pop it in a fast jet and send it over the horizon to Korea if that is what we want. There are ways of having a nuclear deterrent without spending billions.

Mr. Kevan Jones: I am listening carefully to what my hon. Friend is saying and it is bringing back all my yesterdays in the 1980s Labour party—I still have some of the scars from those days. He argues for unilaterally giving up our nuclear deterrent, which is fine and I respect him for that. However, in his last comment he argued for a cheaper version of the nuclear deterrent. He cannot argue that we should give up the deterrent, yet say that a cheaper option could be available to deal with possible threats from failed states such as North Korea.

Mr. Prentice: I thought that I was speaking as clearly as I am capable of doing, so it saddens me that my friend, who said that he was listening to my words, misunderstood me. Let me say it again slowly for him. I am not in favour of the Trident submarine system, so I would get rid of it—I said that. I also said that some of my friends on this side of the House would look at other options and went on to describe the cheaper options, such as stand-off cruise missiles. There is no contradiction in my position.

Jeremy Corbyn: My hon. Friend will recall that Rob McNamara made a similar plea when he spoke at the non-proliferation treaty review conference in New York recently. Will he acknowledge that one of the arguments used by the elements in Iran and North Korea that want to develop nuclear weapons is the fact that the five declared nuclear weapons states show no signs of disarming? Indeed, their position is quite the opposite because Britain and the United States show every sign of wanting to re-arm further. It becomes harder to argue against nuclear proliferation if we ourselves are expanding the nuclear horizons.

Mr. Prentice: That good point allows me to return to my old friend Michael Portillo. He has turned into a real ally because he wrote in *The Sunday Times* on 19 June:

"Whitehall thinks that possessing nuclear weapons helps to secure Britain's position as one of the five members of the UN security council. But if the ability to blow up the planet is the qualification for presiding over the world's peacekeeping body, then we should already have rewarded India, Pakistan and Israel with membership and we should be preparing to welcome Iran and North Korea."

I do not know whether the British Government think that the nuclear deterrent is a pre-condition of retaining our membership of the UN Security Council. I appreciate that the situation is immensely fluid, so we must start to think laterally about the way in which we respond to new challenges, instead of staying locked in an old position.

Mr. Kevan Jones: I am amazed that my hon. Friend is now a bedfellow of a right-wing individual such as Robert McNamara, who impressed me when I met him. I am also amazed by the idea of my hon. Friend getting into bed with Michael Portillo. Rather than trying to close the argument down, surely the way forward would be to do exactly what the Government want to do and have a serious debate about the shape and form that our nuclear deterrent should take, which I would support.

Mr. Prentice: What a chilling thought: getting into bed with Michael Portillo. I too want a debate, but I do not want an open-ended debate that goes nowhere. I said in Defence questions on Monday—I think—that I want a focused debate. I want the Government to produce background papers showing advantages, disadvantages and costs. We must consider the effect on the Royal Navy. It was said earlier that the fleet is going down from 33 boats to 27—

Mr. Ancram: To 25 ships.

Mr. Prentice: The fleet is going down to 25 ships. Spending a fortune on replacing the boats—the terminology for the submarines—will have implications for the Royal Navy budget.

I want to end—*[Interruption.]* Is my friend the Member for North Durham (Mr. Jones) listening? I do not know how much it would cost to replace Trident because although I have tabled parliamentary questions about it, I am waiting for the answers to come through the pipeline. The Library has just published an excellent paper, which I would recommend to all hon. Members. It is called "Trident and the future of the British Nuclear Deterrent" and it tells us that Trident cost more than £9 billion—that is £9,000 million—at 1991 costs. If we go down that road again, another staggering sum of money that we cannot afford will be expended. It is a matter not only of Trident, but of something much more prosaic that we have all grown up with—the nuclear weapons establishment in Aldermaston. Since 2000—only five years ago—it has cost us £1.5 billion, as the Library paper tells us. If people knew that, they would be marching again today.

That is my view and I hope that the Prime Minister is listening—not just today, but subsequently. That is my contribution to the start of our debate. I hope that we can have an open debate, that the Government can be serious rather than just going through the motions and that we can secure in due course a cogent response to the points that I have made.

3 pm

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): The hon. Member for Pendle (Mr. Prentice) has raised a very important matter, to which I hope to return later in my own remarks.

The bomb blasts in London today have cast a terrible shadow over the whole country and this afternoon's debate and I associate myself with the comments of the Secretary of State for Defence and the shadow Defence Secretary. Our thoughts and prayers go out to those caught up in these terrible incidents and to their families and friends. Our thoughts are also with the emergency services as they go about their difficult jobs.

I wholeheartedly endorse the decision of the Secretary of State and others to proceed with this debate. It is right to do so, as it sends an important signal to those who wish to destroy our democracy. I thank the Secretary of State, who is no longer in his place, for his courtesy in giving me advance notice that, because of other serious commitments, he would probably not be present to listen to the speeches of myself and others. We fully understand that.

For all the disagreements in the House on different aspects of defence issues, there is a consensus that we live in a rapidly changing world. The uncertainties of old have changed but not disappeared and we are still coming to terms with the ugly new uncertainties of the 21st century. Our armed forces have to grapple with those uncertainties day in, day out, and I echo the tributes of others to the professionalism, dedication and bravery of all who serve on our behalf. The reputation of our armed forces is second to none, so we are right to be proud of them and grateful to them.

This year, we mark the 60th anniversary of the end of world war two, which is a sobering reminder of the costs and horrors of war. This week, we have been paying tribute to veterans of all wars and conflicts, and I applaud the Government's initiative in establishing the event. Last week, many of us were fortunate enough to participate in the magnificent Trafalgar celebrations on the Solent—a fantastic tribute, on which all involved should be congratulated. It was a privilege to be there. All those commemorations and events are a reminder of the freedoms that we enjoy and we must never take them for granted.

As part of the Trafalgar celebrations, some of us had the good fortune last week to attend a reception on HMS Invincible in the presence of Her Majesty the Queen. What we did not necessarily appreciate at the time was the fact that it may have been the ship's swansong, as we now hear that it is to be mothballed.

The fate of HMS Invincible is symbolic of the major changes taking place as a result of the defence White Paper. Across our armed forces, a small-scale revolution is taking place at the same time as we witness some of the highest levels of commitment in the post-war period. The Defence Committee's fourth report of the last Parliament raised serious questions about the ability of the Ministry of Defence and the armed forces to manage that process. The Secretary of State has given a forthright response. In so doing, he has set his Ministry some very challenging tasks at a very difficult time.

Iraq remains the country's most pressing overseas commitment. Like other hon. Members, I pay tribute to the professionalism of those in the British armed forces who have served and continue to serve there. Similarly, I convey my condolences and those of my right hon. and hon. Friends to the families and friends of those who have given their lives in the conflict. We should not forget those who are recovering from the injuries and wounds that they have suffered there.

To say the least, the security situation in Iraq remains perilous—with more than 1,000 deaths since the formation of the new Iraqi Government in April and the recent kidnapping of the Egyptian ambassador-designate and the attempted assassinations of the Bahraini and Pakistani ambassadors this week—but some progress has been made in the provision of basic public services. With the Iraqi Ministry of Health reporting that more than 75 hospitals and nearly all the primary care clinics that were damaged or looted during and after the 2003 conflict have been rehabilitated and with further work under way to construct new—and rehabilitate older—hospitals in Iraq, progress looks good. However, we should not deceive ourselves that Iraqis are enjoying anything approaching a normal life, and they will continue to have a long, hard haul over the coming months and years.

[Mr. Michael Moore]

Over what is now a very short period, the people of Iraq must finalise the constitutional arrangements that will enable them to take full control of their own sovereignty. The constitution must be drawn up by the 55 member committee by the middle of August to allow a referendum by the end of September that will, in turn, allow fresh elections to be held by the middle of December. None of that will be easy.

There are some positive signs, which we welcome. The constitutional committee has agreed to the membership of 15 Sunnis and the head of the general conference for Sunnis in Iraq has said that Sunni clerics will soon encourage people to register with the electoral commission and vote, raising hopes that political efforts by the Shi'a and Kurdish-dominated Government to draw the Sunnis into the political process may now be bearing fruit.

As that political process develops, the ongoing role of the coalition forces is increasingly in the spotlight. While recognising the key security role of the multinational forces, it is clear that the Iraqis themselves see the occupation, however mandated, as an ongoing political problem, not least because, as yet, there appears to be no clarity about an exit strategy. The signals from Washington are mixed: the Vice-President says that the insurgency is in its last throes, while the US Defence Secretary says that it may take a dozen years to quell the insurgents.

The Iraqis are right to want a clear exit strategy for the multinational forces and it is the coalition's responsibility to set out one. The Secretary of State for Defence gave some signs of that happening in his interview on the "Today" programme earlier this week and in his response to the questions from the shadow Defence Secretary on Monday and, indeed, in his speech today. We have started to see the beginnings of a strategy, and we are encouraged by that, as far as it goes.

Liberal Democrat Members remain of the view that we can make the greatest contribution to Iraq's internal stability and the development of its body politic by setting out a clear timetable for a phased withdrawal of our forces in line with the United Nations mandate authorised by Security Council resolutions. That must take account of the security situation, the state of public services and the completion of the constitutional process, but without such a strategy, the chances of a swift improvement in the terrible conditions in which Iraqis lead their lives will be minimal and the risks that we will become mired in a situation outwith our control will become all the greater.

In Afghanistan, we face a different set of challenges and realities, and we are taking on greater commitments. Much progress has been made since the fall of the Taliban Government in 2001 and another important step will be reached with the parliamentary and provincial elections due in mid-September, but the security situation in the country is bleak. As the UN special envoy, Jean Arnault, reported to the Security Council a couple of weeks ago, it is going through a "negative evolution", with almost 400 people killed by the Taliban this year. The soaring levels of heroin production are another indication of a country that is still in deep trouble and the statistics that the Secretary of State offered us earlier highlight that starkly.

We support the efforts that the Government are making as part of the international community's programme to bring long-term stability to Afghanistan. The leadership role being taken by the United Kingdom is a reflection of the skills and qualities of our armed forces, and they are to be congratulated on that. Like others, we look forward to hearing details of the forces to be deployed, as the headquarters Allied Rapid Reaction Corps takes on its responsibilities, as anticipated, in 2006. But this commitment comes at a time when the armed forces are seriously stretched. Squaring the circle of these substantial commitments will be no easy task.

The recent National Audit Office report, which has been referred to already, set out some real problems in respect of readiness. It gave the MOD credit for its readiness reporting system, but throughout the document serious questions are raised about our armed forces' ability to react swiftly to new and unforeseen threats or operational imperatives. It makes for stark reading. In the period under review, more than a third of our armed forces had "serious weaknesses" in their readiness levels. The NAO identifies intense pressure on supplies and personnel, which, it says, have been redistributed to a point where effective and well-equipped fighting forces can only be assembled by widespread cannibalisation of military units and supplies. It concludes that the MOD

"relies heavily on redistributing people and equipment to bring Force Elements up to sufficient strength to deploy on operations and expects to continue to do so".

The NAO report is clear that military activity levels have consistently exceeded defence planning assumptions, and that that will remain the case for the foreseeable future. Inevitably, this brings into question the very assumptions themselves and the sustainability of the current, unexpected levels of commitment. We will doubtless hear more on this issue during the wind-ups, but a detailed MOD response to the report is surely needed as a matter of urgency.

Echoing the conclusions of the NAO report, recently published figures reveal shortages of essential personnel across the services. Answers to parliamentary questions have highlighted that the Army is short of more than 600 medical personnel— including nurses, surgeons and anaesthetists—400 intelligence personnel, 900 logisticians and more than 1,300 engineers. The Royal Marines are short of more than 600 engineers. These are essential personnel. Our armed forces' ability to carry out demanding operations rapidly, effectively and safely must surely be put in jeopardy without these essential specialist and support personnel. Again, we need to know what action has been taken to address these shortfalls.

It is not just the specialists who are under strength. The MOD's own figures show that the Army has at least 1,600 fewer soldiers than the target strength, and it has been suggested that the shortfall figure is expected to increase. The Army's full-time fighting strength, as of 1 April, was some 102,000, yet the official training requirement is for more than 104,000. The Army's size is being cut by the regimental restructuring announced last year, and it is now short of well over 1,000 soldiers.

John Smith: Does the hon. Gentleman recognise that the restructuring of the battalions is intended to deal with precisely the problems that he referred to, and in

two ways? First, it will free up more skilled personnel to support infantry battalions and, secondly, having larger congregations of military bases will make it easier to recruit personnel with specialised skills.

Mr. Moore: I fully understand the objectives of the Government's policy and realise that there may be a time lag between setting out those objectives and achieving them. However, the discrepancies are worrying, and I hope that the Minister can offer the House some reassurance about what is going on when he winds up.

The peacekeeping or peace-enforcement tasks that the Army is increasingly required to undertake are manpower-intensive and will surely prove increasingly difficult to carry out without sufficient troops. Fewer troops are being asked to do more and, as a result, some battalions have had only months at home between demanding operational tours—far less than the two-year interval target. That has substantially restricted essential rest and recuperation time, time spent with families, and training time. If that continues in the medium term, it will inevitably undermine the Army's effectiveness. As has already been pointed out, in the Navy there is an equally serious shortage of more than 1,700 personnel.

At the moment, it does not appear that recruitment will be the answer to some of these problems. In each year since 2002, there has been a significant fall in the number of civilian applications to join the United Kingdom regular forces—in each service, whether for officer or other ranks. Civilian applications to join the Army outside the officer ranks fell from nearly 37,000 in 2002 to just over 28,000 in 2004–05. Non-officer civilian applications in the same period in the RAF and the Navy fell by more than 4,000 and 2,000 respectively.

That is a picture of dramatic decline in interest in joining the services, which is reflected in similar problems in attracting reservists. If we add to the mix the difficulties with fitness, regimental restructuring and changes in terms for redundancy, it makes for a serious list of problems that need urgent attention in the Ministry of Defence.

The future replacement of the nuclear deterrent is reappearing on the national agenda, as the hon. Member for Pendle (Mr. Prentice) highlighted. Given the long lead times in any decision-making process, that is understandable. However, we must not lose sight of the overwhelming responsibility on all the nuclear powers to seek ways of achieving multilateral disarmament.

The Secretary of State rightly drew attention to the Government's significant reductions in nuclear weapons since 1997. We applaud that, but internationally, there is still a long way to go. In the aftermath of the failure of the nuclear non-proliferation treaty review conference in New York a few weeks ago, we are in a worrying position.

We know that some countries such as India and Pakistan have obtained nuclear weapons and that others, for example, North Korea, are trying to acquire them. There is therefore a pressing need to create the international political climate in which multilateral disarmament can take place. We must also not lose sight of the danger of proliferation through the passing of expertise and materials from the former Soviet Union. Those should be our first priorities.

Although we must not lose our focus on those issues, we will in due course have to consider any future replacement of Trident. On Monday, the Secretary of State said:

> "Decisions on any replacement of the United Kingdom's nuclear deterrent are likely to be necessary in the lifetime of the current Parliament".—[*Official Report*, 4 July 2005; Vol. 436, c. 5.]

That echoes the wording of the White Paper in the previous Parliament. He repeated those sentiments today. He went on to give an assurance that the Government had not started considering, far less making decisions, on the details. We accept that assurance but it is vital that, in due course, the Government set out their intentions in a new White Paper so that we can hold a proper public debate about those matters.

As the Secretary of State made clear, there is a range of challenging matters to consider, not least the future strategic security context, the deterrence capability of any new system and the cost of the replacement. Those issues must all be properly thought through.

Today, the events elsewhere in London rightly dominate our thoughts. We cannot know yet whose evil plan it was, although we will all have our suspicious. However, we know that the emergency services, assisted by the armed forces as necessary, are dealing with the situation to the highest professional standards. Our ability to rely on those men and women should never be taken for granted and support for them must unite us all.

3.18 pm

John Smith (Vale of Glamorgan) (Lab): I begin by endorsing the final comments of the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore). It is usually a great pleasure to speak in our less frequent defence debates in the House, but anything we discuss today is bound to be overshadowed by the dreadful events taking place around us. Although we emphatically accept the Home Secretary's earlier comments that we should not prejudge matters or speculate about what has happened, the events are a sign of the changing nature of the threat that we face. The country now faces an asymmetric threat, with which it has probably never seriously been confronted in the past. That has an impact on Government defence policy and our defence in the world.

The Government were right in their early years to produce the strategic defence review to deal with the changing threats and subsequently to add a further chapter and a new White Paper, focusing especially on the new sorts of threat that we face, especially from international terrorism. I, for one, am a great supporter of the Government's policy in that area. Their defence review has proved to be one of the best in the world, and it has stood the test of time. It is used by other countries, especially in NATO, as a model for reforming the old cold war structures of our armed forces to meet new challenges and the changed security environment. I am, however, the first to recognise that there is a difference between introducing a new policy and deciding where we want to be in future and actually getting there. The hon. Member for Berwickshire, Roxburgh and Selkirk made some valid points, as he acknowledged the dangers that we face in trying to achieve our goals.

[John Smith]

The Government are undertaking a major and necessary restructuring of our armed forces to meet the challenges and make sure that we are more responsive and flexible. That will enable us to address concurrent threats, travel to places quickly in smaller groups, and achieve a bigger impact when we arrive.

No one in the House would disagree with those objectives, but some of us are concerned about how we will get from A to B, so I shall spend most of my time on the excellent fourth report by the Select Committee on Defence, on the future capabilities of the British armed forces. If we do not get that right, we cannot deliver any of our future objectives or meet the challenges that we face. The Select Committee did the House a service in questioning the Executive about their ability to deliver future capabilities through their defence policy. I do not intend to address all the matters covered in the report, but I recommend that hon. Members read it. I shall address three of its recommendations on a crucial area of future defence policy—the maintenance of our front-line fast jet capability.

In any new scenario that we face, whether it is ship-based, or involves infantry battalions or battle groups, we are dependent on the availability of front-line jets. For the foreseeable future, we will not be dependent on multi-role jets but on the good old Harrier GR9 and the Tornado GR4. That will certainly be the case for the next 12, 15, 18 years and, who knows, possibly even longer. They constitute a reliable platform that has served our military exceptionally well in many of the recent conflicts that have been mentioned. It is the policy of Her Majesty's Government to change the way in which they maintain that fast jet capability. We will no longer use the tried and tested services of highly skilled civilian engineers based in the Defence Aviation Repair Agency, the successor organisation to the military agencies that used to do that work. DERA was created by the Government only three or four years ago to meet the demanding need to maintain our aircraft effectively so that those jets are available when we need them in times of crisis. Her Majesty's Government have decided completely to ignore their previous policy, which was also scrutinised by the Defence Committee, and they support the creation of a special agency of civilian engineers working in a commercial environment to provide all militarily non-essential jet repair and maintenance.

Some work on our jets has to be carried out on the battlefield or the front line—jets have to be kept in the air and filled with petrol, and the tyres have to be kicked now and then—but there is no military requirement for the factory maintenance of fast jets to be carried out by military personnel. Under the original SDR, which I greatly supported, it was made clear that, for reasons of value for money and the maintenance of maximum efficiency, the military would not be required to carry out non-essential military tasks, and that we would seek other, more cost-effective means of carrying out those tasks either in the competitive private sector or, in DARA's case, by commercialising a department of the Ministry of Defence, so that it would operate in precisely the same way as a commercial company, dependent on customer revenue for its income and acting as a trading fund not dependent on vote money from this House.

In the past three years, DARA has performed tremendously well. It has achieved every one of the targets set for it, including its targets for customer income. DARA has transformed the way in which it does business, and by the middle of last year it could compete with anyone in the world, private or public sector, in the maintenance of the front-line fleet of fast jets. However, in March last year, the Government, in their wisdom, decided to take Harrier jet maintenance from DARA and transfer it to RAF Cottesmore, where that task would be carried out by military personnel, in the belief—I accept that Ministers believe this—that military personnel operating in a military environment are more productive, more efficient and more cost-effective than civilians working in a commercial environment.

There are hon. Members on both sides of the House who, like me, have had military experience—my experience happens to have been in the Royal Air Force. All will know what utter nonsense that view is. There is no doubt that military personnel are quite capable of repairing aircraft to the highest standards and doing the job that is required of them. Ours is one of the best air forces in the world, even though it is comparatively small, and its personnel will deliver when asked to deliver—the examples given of the way in which they have operated in difficult circumstances as far as resources are concerned prove that. However, that is a military function; it is utter nonsense to argue that they can carry out factory maintenance and repair of aircraft more competitively and provide better value for money—that they are more efficient—than civilians working in commercial environment.

None the less, in March last year the Harrier jet was transferred to RAF Cottesmore. I share the view of the 150 skilled engineers who lobbied the House this morning, many of whom are ex-RAF technicians, that the work being done on the Harrier jet at RAF Cottesmore is a disaster. Not only is it costing the British taxpayer money, but—more worrying to me—it could be undermining front-line capability. I have put the evidence to the Minister of State and asked him to investigate independently, but he has gone to the MOD and RAF for reports on my complaints and told me and others in writing that the transfer has been a huge success—that a production line in a hangar in an air base somewhere in the middle of England is out-competing the world's greatest. But we know that that is utter nonsense. The turnaround time for a Harrier jet at that facility is now twice what it was when this work was being carried out by skilled civilian engineers at DARA, St. Athan at the beginning of last year. The average turnaround time is now 200 days per aircraft.

What is more, aircraft of the front-line fleet of Harrier jets of our Royal Air Force are being damaged. At least one was damaged to such an extent that it has not been used since December 2002. That aircraft is ZD507. Furthermore, ZD402, ZD376, ZD470, ZD472, ZD408, ZD404 and ZD466 have all been so seriously damaged that they are now having to be repaired by contractors outside the base at RAF Cottesmore.

It is not my wish to attack the Minister or to reveal these problems just for the sake of it. Nor is it my wish to speak in defence of my civilian workers—who have done a tremendous job and met every target set by the Government over a five-year period—out of spite. I am

not trying to say, "I told you so". The reason I am drawing this matter to the House's attention is that if we carry on at this rate, we shall continue to lose flying time for our Harrier jets. They are running out of flying time and they will shortly be grounded and unable to do the job that they have been tasked to do.

This debate is on the Defence White Paper, "Future Capabilities", and the matter that I have raised relates to an essential future capability for the effectiveness of our forces. There are dire problems at the facility at Cottesmore. I want to place it on record that I am asking the Minister, as I have done before, for goodness' sake to carry out an independent evaluation of what has happened since the Harrier jets were taken from DARA, St. Athan in the Vale of Glamorgan in south Wales, where our jets had been repaired for 50 years, and given to a military operational base at RAF Cottesmore. I do not think that that is an unreasonable request. For goodness' sake, let us get someone in to evaluate the project.

I know that the Minister intends to carry out a post-project evaluation, but not for another five years. I am afraid that it will be too damned late in five years' time. We will have lost the capacity in the Ministry of Defence, and we might have difficulty meeting our requirements for airworthiness and air availability for our Harrier jets. We might also see jets grounded and withdrawn from service, with no way of putting them back in the air. Of course, we have made similar mistakes in the past. The famous Airworks contract on the Tornado and the Hercules air transport planes cost the previous Conservative Government an enormous amount of money.

I ask all hon. Members to listen to my argument. The reason I am putting this case to the House is that we are about to move the entire Tornado GR4 fleet—the premier front-line fleet of the Royal Air Force—to another military operational base at Marham, and to ask RAF personnel in blue uniforms to do the maintenance work that should be carried out in a factory environment by skilled engineers, not in an operational environment. My primary concern is that that could seriously damage our future capability. If we do not have an effective air force with front-line fighting capacity, we can forget all our other commitments to the defence of this nation in the world and to the threats that we face across the globe.

Once again, in the interests of our country's defence and our future capabilities, I ask that the Minister consider conducting an independent assessment of the effectiveness of the roll forward of the Harrier before the roll forward of the Tornado even begins. I do not mind who undertakes that assessment, the NAO or independent consultants, as long as they are genuinely independent.

Any reading of the recommendations of the Defence Committee supports my argument. At DARA St. Athan, £80 million was invested in the most advanced purpose-built military aviation facility in Europe, which opened only in April this year. It is the size of three football pitches, with 47 bays, so it can repair 47 jets at any one time. The Committee stated:

"We find it surprising, given the substantial investment to create a state-of-the-art aircraft repair facility at DARA St. Athan, that MoD has announced that support of Tornado GR4 aircraft will be moved to the Main Operating Base at RAF Marham."

I, too, am surprised that the Ministry of Defence decided to waste £80 million worth of taxpayers' money and, more important, 350 of the most skilled aero-engineers in the world, with a proven track record, and to give that work to the facility at RAF Marham, which is untried and untested in such deep repair and maintenance.

We are told that there will be "partnering" with BAE Systems, which has been awarded a prime contract for the Tornado GR4 after no competition. BAE Systems is the design authority for that aircraft, so if it becomes the mainstay in support for the RAF on a front-line base for the repair and maintenance of the GR4, Her Majesty's Government will be in the unenviable position of being dependent on a monopoly supplier for keeping our front-line fleet in service. That is an extremely dangerous step, and it should not be taken before the Government properly evaluate the effects of moving the much smaller fleet of Harriers to Cottesmore.

Recommendation 37 of the Defence Committee states:

"We are aware that the revision and concentration of Tornado maintenance in the RAF was driven by a need to reduce both costs and manpower, as well as to improve procedural efficiency. If these drivers are not to have an adverse impact on operational effectiveness, the new arrangements at RAF Marham will need to match . . . the high standards set by the skilled workers at DARA St. Athan. We expect MoD to monitor this closely."

If RAF Marham has to match the high standards of DARA St. Athan, why are the Government moving the facility to an operational base that is untried and untested?

Recommendation 38 states:

"We find it of real concern that if problems are experienced at RAF Marham, MoD may be dependent upon the original manufacturer of the aircraft to undertake repairs."

There is no "may be" about it—we will be entirely dependent on a sole supplier for the whole of our fleet.

Those were the recommendations of the excellent Defence Committee. I hope that a new Committee will be formed shortly. Members on both sides of the House, who are in the Chamber today, were distinguished members of the previous Committee and I am sure that there will be members of equal distinction in this Parliament.

I know that the fleet is being reduced, and I know that there is an argument—I support it—for reducing and rationalising logistical support if one has fewer aircraft. However, with fewer aircraft one needs more availability, which means greater reliability on service repair and support. We are entering untried, untested and dangerous waters by relying on this military capability.

Peter Viggers: The hon. Gentleman is arguing very effectively, as he always does. Has he seen the Ministry of Defence's response to recommendation 38, which is about how the RAF will handle surge workloads? It says:

"Those options include, in the short-term, increasing RAF labour productivity through reprioritisation of tasks, reduction of leave or training or an increase in working hours."

[Peter Viggers]

Is the hon. Gentleman as completely unreassured by that as I am?

John Smith: Absolutely, partly because I, like the hon. Gentleman, have had military experience. We know, to use a good old-fashioned military term, that it is bull, and we are going to get a lot more of it.

The Minister is told that the turnaround time for the Harrier at Cottesmore has been reduced from 200 days to 45 days. So he writes to everybody in good faith—he is a good friend of mine who is absolutely committed to our front-line forces—saying that this is working wonderfully. What he does not say, possibly because he is not aware of it, is that it is achieved by a few commanders on the front-line station telling people to work seven days a week on double shifts for a few weeks, so two shifts of six work endless hours with no breaks because under Queen's regulations they are obliged to do so. The turnaround time of 60 days at DARA St. Athan would be achieved by six workers in a team working a 37-hour week on a single shift.

I am not reassured by the Ministry's response to recommendation 38, and I am certainly not reassured by its other responses. On recommendation 37, it says:

"The Department acknowledges the Committee's recommendation"—

that is, about the adverse impact on operational effectiveness—but

"the high standards set by RAF tradesmen at both RAF Marham and those transferring in from RAF Lossiemouth will remain subject to exacting Quality control measures. As part of the ... DLO transformation process, the Tornado project team is trying to agree a series of partnered support solutions with two prime contractors".

Surprise, surprise—one of the prime contractors, BAE Systems, will move in, without any competition, with a joint upgrade and maintenance programme to do the work of the RAF and oversee the work that is carried out.

This is a dangerous step, and I would prefer that the Government did not take it. They should sit back, take a deep breath, and carefully and independently review what they have already done before taking this huge step into the unknown. We owe that to our brave servicemen and women in Her Majesty's Royal Air Force. The Secretary of State said—I agree with him 100 per cent., in response to my hon. Friend the Member for Bridgend (Mrs. Moon)—that when we consider such matters our prime consideration is to ensure that our military personnel have the equipment that they want, when they want it, in the place they want it: in other words, that they can depend on those support facilities at a cost that is acceptable to the British taxpayer. I have no doubt that applying the criteria of military importance and value for money will expose the policy to be the utter nonsense that it is. I am afraid that waiting five years to see the effect of the decision will mean that it is too late to do anything about it.

I am a friend of the Government, and an ardent supporter of their defence policy. They started very well in respect of logistical support for front-line troops, and offered what might be called a new Labour interpretation of the "Frontline First" approach. I support them entirely, but hope that they will think again about this matter; otherwise, they could undermine the RAF's future capability.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, many hon. Members are seeking catch my eye this afternoon. Unless contributions are reasonably concise, I am afraid that quite a few are going to be disappointed.

3.45 pm

Peter Viggers (Gosport) (Con): Today's events have reminded all of us that our defence forces include all the emergency services. I join in paying tribute to them.

This debate gives us an opportunity to take a strategic look at the threats that exist around the world. I shall not speak about the work of the armed forces in areas such as Darfur, or in other places where there are problems with famine or welfare, but I will consider the nature of the threats that exist world wide. The armed forces define threat as military capacity combined with hostile intent. I shall examine those areas from which threat may emerge. After all, on the whole we can choose our friends, but our enemies tend to choose us. I believe that the intelligence services still regard the IRA as a more immediate threat in this country than al-Qaeda. However, the ground in Northern Ireland has been well harrowed, so I shall not speak about the experience there.

Both world wars started in Europe. Those who criticise aspects of the EU may forget that the way in which European countries have drawn together has made it impossible for another war to start in Europe. Trade, travel, the media and inter-marriage have all contributed to that. These days, we talk less about manufacturing than about assembly, and car manufacturers get components from all over Europe and the world. That globalisation means that there is no longer a risk of war starting in Europe.

Similarly, the cold war has moved on. The Soviet Union is no more. Russia remains a former imperial power with enormous resources, but its economy is roughly the same size as Belgium's or Denmark's. Ukraine has shown how Russia may evolve in due course. The forces of democracy triumphed there and we wish that country well. The old attitudes are still evident in Russia and visitors who talk to politicians there will hear as much. A member of the Duma told me recently that Russia has the most free press in the world. Many people there continue to delude themselves in that respect. The old attitudes exist side by side with new ones, and the oligarchs take advantage of both.

I think that we can tick the box in respect of Japan. We are able to maintain a dialogue with that country and its strong links with the US mean that there is no problem there. China has a population of 1.3 billion people—a fifth of the world's total of 6.4 billion. It is, of course, a nuclear power and it is growing at a dizzy speed, with internal stresses as a result. It is stretching out to Taiwan and has massively increased the size of its armed forces. There is a great need for an understanding of China, and I regret very much the fact that the BBC did not replace the programme "Letter from America"

after Alistair Cooke died with a weekly programme called "Letter from China". I can think of no better way of promoting an understanding of that country. I pay tribute, in a small way, to the parliamentary group on China, which encourages understanding of that country. We must develop that understanding lest China fails to understand our own aspirations. Korea—which I suspect may well be a nuclear power already—is not permeable to western information channels. Our entry to Korea is through China, which acts as an intermediary, and it is clear that there are serious problems there.

I want to talk about Islam. Islamic society has a devotion and a commitment that we in this country do not have. The five pillars of Islam—the shahadah, the creed:

"There is no God but Allah and Mohammed is His Prophet";

the salat, the five obligatory prayers each day; the zakat, the alms to the poor; the sawm, the fasting from sunrise to sunset during the period of Ramadan; and the hajj, the pilgrimage to Mecca by those who are physically and financially capable of undertaking it—mean that there is in the fabric of Islamic society a strength that western civilisation does not have.

Islam is a different kind of religion from Christianity. A Muslim has to redeem history. That means that state affairs are not a distraction from spirituality, but the stuff of religion itself. I quote from a book on Islam:

"If state institutions did not measure up to the Quranic ideal, if their political leaders were cruel or exploitative, or if their community was humiliated by apparently irreligious enemies, a Muslim could feel that his or her faith in life's ultimate purpose and value was in jeopardy."

We have here the background fabric from which extreme views and determination can flow. Muslims look around the world and some see in the west people who do not live up to their own beliefs and ideals. In particular, in the United States and Europe we are lacking in the standards that they have; we are not devout, as they are; we eat food that they think unclean; we drink alcohol; we allow our women to walk around in a manner that they regard as half-naked; and many of us support the Zionist cause, which is their ultimate enemy.

There are two extreme elements within Islam, the first of which is Wahhabism, which derives from the Hambali school of jurisprudence. The strength of Wahhabism derives from the agreement between Abd al Wahhab and Mohammed ibn Saud, the leader of Saudi Arabia. It was an alliance that unified the disparate tribes on the Arabian peninsula and it means that the Saudi royal family is indebted to Wahhabism and linked to it. The royal family is pledged to return to the fundamentals of Islam and regards others as dissident heretics. The Saudi Arabian royal family significantly funds Wahhabism.

The other sect of significance is Hezbollah, which derives from the teaching of Ayatollah Khomeini in Iran and the Shi'ites, who make up 10 to 15 per cent. of Muslims. Many known acts of terror can be attributed to the sect and its alliance with Iran. It is thought by some to be a greater threat than al-Qaeda because Hezbollah is more sophisticated.

So much for the people who might pose a threat. The way to deal with it is through diplomatic and political review, promoting understanding and democracy. It poses difficult problems when we as a democracy face a nation such as Uzbekistan, where democracy is not invoked at all. We sometimes find ourselves with strange allies.

The possibility of intent exists in some people. As to the means, globalisation has meant that chemical, biological and nuclear weapons are so much more readily available and so much easier to deliver. Since 9/11, the introduction of the concept of the suicide bomber has completely changed the nature of terrorism and the manner in which we deal with the threat of terrorism. We need to wage a war on terrorism, but we also need understanding and mutual respect. There is not enough emphasis on hearts and minds. The United Kingdom, with a strong tradition in the greater middle east, has a great role to play. Earlier, we heard criticism of the CIA. My own experience of the CIA does not lead me to believe that it is an entirely reliable body.

How are we shaping ourselves to cope with these random threats? I turn to the practical and the immediate, and matters relating to the Ministry of Defence. Our reserve forces have always had two roles. One is to reinforce the regular forces when the regular forces need that reinforcement. My right hon. and learned Friend the Member for Devizes (Mr. Ancram) argued that the use and overuse of reserve forces had placed a tremendous strain on the reserve Army, Air Force and Navy, especially the reserve Army and the Territorial Army. People simply will not volunteer if they think that they will be called up on a regular basis. The reinforcement element represented by the reserves is being overstretched.

The second main role of the reserve forces is as a framework for regeneration and expansion of the armed forces. During the last war, units formed from reserve units were hugely superior in quality to units formed without that framework. We may need to expand our armed forces with reserves, not to repel an invasion in the traditional sense but to provide a structure for civil defence. I think that the Government are letting us down by not placing enough emphasis on reserve forces.

The hon. Member for Vale of Glamorgan (John Smith) referred to the Select Committee report published on 17 March, which made a number of trenchant criticisms of Government defence policy. I wonder whether I am carrying cynicism too far if I say that I was a little surprised that the Government's response to the report was embargoed:

"Not to be published in full, or in part, in any form before 12 noon on Wednesday 6 July"—

46 minutes before the announcement of the Olympic bid. It could perhaps say that the Government's response was buried.

In recommendation 2, the Select Committee said that we must have flexibility, and criticised

"a lack of resilience in the face of changing operational demands and too narrow a focus on the range of operational demands which the Armed Forces of the future may face."

In recommendation 5, the Government are severely criticised for reducing the naval presence. There were six naval standing commitments, but that was reduced to four. The commitment to the north Atlantic and

[Peter Viggers]

Caribbean area by a frigate or destroyer is now to be confined to the period between July and October. My question to the Minister is this: if the destroyer or frigate on patrol in the Caribbean area, which plays a significant part in combating the drugs trade in that area, has been useful in the past, why can we spare it now?

There have been two ships, one in the Arabian gulf and the other in the Indian ocean. The plan now is to have just one ship combining the two roles. As with boots on the ground, we really do need ships on the site. It is wrong to think that the roles of two ships in disparate areas can be combined.

Recommendation 6 deals with the purchase of aircraft carriers. The Committee was critical of the manner in which the orders were dealt with. I cannot think of a worse way to organise anything than to arrange a competition to appoint the builder of the carriers, to force the competitors to merge and work together, to form a troika with the Ministry of Defence as the third partner, and on top of all that to appoint a fiscal integrator. It worries me that although ever since their announcement of the purchase of the two aircraft carriers the Government have been boasting about the size of their aircraft-carrier and other surface ship procurement programmes, seven years later the order has still not been placed and is now seriously behind time.

Recommendation 13 says:

"We are concerned that if the size of the Army is only just enough to man the proposed force structure a similar lack of resilience, to that experienced by the Army in the past, may be experienced in the future."

It goes on to say that the operational and training cycle is so intense that it is

"unsustainable over the longer term."

There is also a capability gap. Recommendation 44 says:

"The Future Capabilities proposals have been driven by a particular vision of future operational requirements. It may take another decade before the capabilities to deliver those requirements are in place. In the meantime equipment withdrawals and personnel reductions may leave gaps in capability. Those gaps, in turn, may create risks. Some of those risks, in our, need not have been taken."

When we went to war in Iraq, the armed forces were seriously short of much equipment, which had to be obtained through UORs—urgent operational requirements. An example is the Minimi submachine gun, which was acquired as needed by the armed forces, but they did not have time to practise with the guns. They had never fired the guns before they went into action. That is deplorable.

We face serious threats world wide. I urge the Government to give a high priority to defence and ensure that the gaps identified by the Defence Committee are met.

4 pm

Mr. Kevan Jones (North Durham) (Lab): It is a privilege to contribute to this debate in a week when we respect and remember the veterans who fought for the freedoms of this country in the second world war. They fought fascism so that we could have the democratic freedoms that we take for granted today. It is also apt that we should this week remember the members of armed forces and the civilians who have died in the countless other conflicts since the second world war.

It would be remiss of me not to refer to the tragic events that are happening around us today in the capital city. I add my sentiments to those of the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), who said that our thoughts are with the families—but we must remember the dedicated and hard-working emergency workers who are, as we speak, working selflessly on behalf of their fellow citizens.

The threat that we face now is very different from the bipolar world and the threat that we faced in the cold war. That threat was predictable, and I was very interested in the history lesson that we had from my hon. Friend the Member for Pendle (Mr. Prentice) about that bipolar world. We knew who the enemy was and we could ensure that we had the appropriate response. As my hon. Friend said, there were different views on how to respond to the threat, but at least we knew what it was. The threat we face today is, as we have tragically seen, unpredictable.

In the last Parliament, I had the privilege of sitting on the Defence Committee. One of the first reports we produced after the tragic events of 11 September was published in December 2001, and it was on the threat of terrorism. I thought that it would be interesting to revisit what we said. We stated:

"Our conclusion is that the threat from terrorism has become more pressing and more dangerous. A threshold has been crossed in terms of scale and level of casualties."

That is one thing that we need to remember about 11 September. The number of casualties that day changed terrorism across the world forever.

We also said that our response to such terrorism had to be very different, and not only rely on a military solution. We said that the response needed to be three-pronged, including military, intelligence and diplomatic means. We also said that it must include a humanitarian response to root out the causes of terrorism in various parts of the world, which are the poverty and tragic conditions that allow terrorism to breed. The report states:

"We must not lose our sense of the urgency and importance of this task in the months ahead. We must not hesitate to take the necessary steps to protect the UK and our interests overseas."

Our response must be measured and purposeful, but it must ensure that the democracy that we take for granted and the freedom of movement that we enjoy continue.

As I said, I served on the Defence Committee in the last Parliament and that gave me a great opportunity to meet many members of our armed forces in different parts of the world, including Iraq and Afghanistan. I echo the comments of other Members about the professionalism and dedication that our armed forces show in their duties across the world. In addition to the work that they do in Iraq and Afghanistan to fight terrorism, I saw good examples of the reconstruction work that they carry out. For example, the projects at Mazar-i-Sharif in northern Afghanistan involve military doctors working with local hospital doctors to bring health care to parts of Afghanistan that had never had it. We must bear in mind the fact that our armed

forces are involved in a lot of humanitarian work in which they have expertise. We should be grateful to them for that.

If we are to ask our armed forces to undertake the necessary and sometimes dangerous tasks that they face, they must have the best equipment possible and the funding to go with it. I am pleased that the Government have committed extra expenditure to the defence budget—£3.7 billion over the next three years. That is the longest sustainable growth in the defence budget for more than 20 years. The Government can be proud of that. It is also important that the armed forces get the equipment that they need on time.

I welcome the publication of the defence industrial policy. We should not forget the jobs that the defence industry sustains and the skills that it maintains. The policy was welcomed by industry and it set out clearly how the record expenditure that the Government are putting into defence could also benefit large and small industrial companies in this country. It also gave a clear commitment to deal with some of the legacy issues that were left over from the previous Conservative Government. The right hon. and learned Member for Devizes (Mr. Ancram) reeled off a long list of what this Government had got wrong or had overspent on, but it is interesting that he seemed to forget the £900 million hole that they left at Rosyth when they took the clear political decision to move Trident submarine refit work to Devonport.

I also refer to the legacy issues that we had to take on, such as the Astute and other projects. They went way over budget and were unrealistically framed in the first place. We have done good work, but that has meant putting more money into those projects. I visited Barrow a few months ago, and the Astute project is now back on schedule. I pay credit to the work force there who have put in a tremendous amount of hard work.

I have criticisms, however, of the Defence Procurement Agency. I know that the Defence Committee was very critical of the way the organisation operates. It was interesting to hear the hon. Member for Gosport (Peter Viggers) refer to urgent operational requirements. I want more of them, because they seem to get equipment on to the battlefield or into people's hands a lot quicker. They ensured that the equipment arrived. The problem with the system, however, is that it is over-burdensome and so-called smart procurement does not deliver equipment to the front line or ensure that it represents better value for money.

The other problem with the Defence Procurement Agency and smart procurement is the effect on small and medium-sized enterprises. I know that my right hon. Friend the Minister is aware of the organisation Northern Defence Industries, that has done sterling work trying to put supply chains together to ensure that small and medium-sized enterprises can get into defence work. That is paying dividends because many companies in the north-east are for the first time getting into projects in which they would not have participated in the past.

There is a bar, however, because under the prime contractor route the problem is that the prime contractor is selected, but the supply chain is somehow thought about afterwards. We need to sharpen up procedures so that we ensure not only that we know the position of prime contractors when they are appointed, but that we have a locally sourced supply chain in place, because many companies will happily participate in such projects if they are given the opportunity to do so.

A further criticism that I make of the Defence Procurement Agency is its turnover of staff. The Defence Committee discovered that the turnover rate is some 30 per cent. of its staff, which leads to inefficient procurement for new projects. If Lord Drayson, the new defence procurement Minister, has the legendary business expertise about which I am told, he needs to take a clear, hard look at the way in which simple projects can sometimes take far too long after they get stuck in the Defence Procurement Agency in Bristol.

I have already mentioned urgent operational requirements. The Defence Committee examined lessons that could be learned from our operations in Iraq during Operation Telic. The urgent operational requirements worked well—the hon. Member for Gosport referred to the Minimi machine guns. However, other problems that we have raised have, alas, not been addressed. I am worried that although the Defence Committee and others highlight such problems, we seem to have to wait the gestation period of several African elephants before any action is taken. For example, logistics supply is even more important now that we have a style of warfare that is more expeditionary, which will be reflected in future projects. It is thus important to get the logistics chain right, but it was clear that there were problems during Operation Telic when trying to find out where things were in the supply chain.

One of the Committee's conclusions was that such problems were not new because they had been highlighted after the first Gulf war of 1991. The lack of an asset-tracking system in Operation Telic caused numerous serious problems in theatre, including problems with the distribution of critical items such as body armour and nuclear, biological and chemical equipment. The Committee's report said we needed to urge the Ministry of Defence to come up with a solution to the problem as a top priority.

We also heard evidence that an off-the-shelf solution had been bought to take a lot of equipment back to the UK. The American system allows containers to be asset-tracked throughout the supply chain, so people know not only where they are, but what is in them. However, lo and behold, the Ministry of Defence and the DPA want to reinvent the wheel by trying to wed together the three existing Army, Navy and Air Force systems, which do not talk to each other. I sometimes wonder whether we should just buy equipment off the shelf, instead of thinking that we need a home-grown solution for such complex systems. That solution would take a long time to develop, which would not only delay equipment from getting to a vital theatre, but mean that it would take a long time before new developments occurred.

Overall, we should be proud of the men and women of our armed forces and their commitment. Given the community that I represent, it is rewarding to see the opportunity that the armed forces give young men and women from deprived backgrounds to fulfil their potential. When I meet those men and women, wherever they are throughout the world, I never cease to be amazed by their dedication and the large responsibility that rests on some very young shoulders.

4.15 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): It is a pleasure to follow the hon. Member for North Durham (Mr. Jones), who dealt with some problems that have been around—it is a shame to say—for a long time. The Government must face the problem that the slow procedures of defence procurement—the hon. Gentleman compared them to the gestation period of several African elephants—take such a long time to run their course that the equipment being bought has been superseded and is out of date by the end of the process. The hon. Gentleman suggested that it would be helpful to have more urgent operational requirements and I believe that the Government solved many problems in Iraq by following precisely that procedure, though they created new problems as well. The Government's moves towards increasing the speed of procurement started about 15 years ago with Peter Levene: they have improved things a little, but not solved all the problems.

I am delighted to hear that the Bowman project—it was greatly delayed when I was Minister of State for Procurement, when most hon. Members here today were in short trousers—is at last beginning to produce some tangible results for the armed forces. The Government deserve to be congratulated on that.

In his customary very knowledgeable way, my hon. Friend the Member for Gosport (Peter Viggers) went through some of the recommendations of the Defence Committee. I would particularly like to follow up his point about recommendation 5, which is for a destroyer or frigate to be made available in the Caribbean only during the higher-risk hurricane months. My hon. Friend is right that that will leave a serious gap. In 2003, I visited Key West with the Intelligence and Security Committee. People were hugely complimentary there about the work that our ships do in the Caribbean on drugs interdiction. They wanted not less, but significantly more of that contribution, as we did the job so well. It is a shame that the Government's decision announced in their response to the Defence Committee report was not the subject of a statement on which they could be properly questioned. I am not at all sure that it is the right decision.

Today in London, we know how vital it is to have security and defence forces of which we are proud. It is good to know that they are well resourced and able to take on the unpredictable challenges that we all face nowadays. Let us not forget, however, that the incidents that have occurred today in London are the sort of events that have happened on a regular basis in Iraq and that our troops are working with courage and persistence to restore order in that country in sometimes difficult and extraordinarily unusual circumstances.

The Secretary of State drew attention on Monday to a crucial matter. He said that it was a pity that the praise and gratitude showered on our forces in Iraq for trying to maintain normality there is not always echoed by the media at home. He is right about that. It is not in the least surprising that the work of our troops in Iraq is not news, because it is the media's role to report "news" in the sense of something unusual. The fact that—day in, day out—8,500 of our servicemen and women are working hard to help the Iraqis to lead a normal life is not news. They do not receive publicity for doing that simply because it is not remarkable that they do their jobs so well. They always have, and if we politicians treat them right, I suspect that they always will. They have been well trained in the difficult circumstances of Northern Ireland, winning the hearts and minds of the people who live there, and it is not surprising that they do the job so well in Iraq.

Mr. Mark Hendrick (Preston) (Lab/Co-op): At the weekend, I met a squaddie who had just returned from Basra and I had a drink with him. He told me quite clearly that the Iraqi people are kind, friendly and welcoming, and that they are very appreciative of the excellent work that the armed forces are doing out there. That is certainly no surprise to me, as someone who has regularly met members of the Queen's Lancaster Regiment; but I simply wish, as the right hon. Gentleman says, that it was more widely known among people in this country. It is not more widely known because of the way in which the press distort what is actually happening.

Mr. Arbuthnot: I agree with the general thrust of what the hon. Gentleman says. I am not sure whether it is right to say that the press distort what is happening; it is just that the press inevitably concentrate on the news. We can all be proud of the sort of work that our armed forces are doing in Iraq, and I am grateful to the hon. Gentleman for what he has just said.

Our armed forces will continue to do a good job for this country, so long as the politicians treat them right, and I worry sometimes that we politicians do not treat our armed forces right. We sometimes take for granted what they do, and we sometimes make their lives more difficult. The conditions under which they work—the recruitment and retention conditions—are often exacerbated by pay and terms of employment that are extremely complicated and do not match the world outside.

I should like to hear from the Minister when he responds to the debate how he believes that recruitment to the armed forces is going. What does he believe is the structure of the recruitment process? There are suggestions that the process has been stripped out to provide people and equipment to the front line. That may be a short-term answer to what is a medium and long-term problem. I should like reassurance from the Minister when he responds.

Similarly, the Armed Forces Pay Review Body is important and needs to preserve its independence in everything that it does—independence not only from the Executive, but from the Treasury. My hon. Friend the Member for Mid-Sussex (Mr. Soames) has often suggested that the Treasury is working for the Russians, and the Ministry of Defence is inevitably accused of making decisions that are Treasury-driven. Given the expense of defence, that is hardly surprising.

Yesterday in Trafalgar square, as the Red Arrows flew over, we realised quite what a source of pride not just the Red Arrows, but everything that our armed forces do, is to the whole country. I was delighted to hear from the Minister on Monday that the Ministry of Defence will increase pilots' flying time. As my right hon. and learned Friend the Member for Devizes (Mr. Ancram) said, 16 and a half hours' flying time a month is not enough to maintain the capabilities of our fast-jet

pilots. When the Minister said that those hours would be increased next year, that was good to hear, but by how much? Will the increase be enough to improve the capability of our pilots, so that we can continue to produce the Red Arrow pilots that we all find so inspiring? The aircraft also need to be available, rather than being cannibalised, as has been suggested and discussed in some of the Defence Committee's very good reports.

Finally, this is an appropriate day on which to hold this debate because it falls in veterans awareness week. We can remind ourselves of how essential to our future are the well-maintained, well-resourced armed forces that we have come to rely on, but let us never forget how essential the veterans were to our past and to our present. They stood shoulder to shoulder to defend our world, our country, our values and our principles, and we will remember them.

4.25 pm

Nia Griffith (Llanelli) (Lab): As we remember all those who have been personally affected by today's tragedy, the overriding message must be one of calm and of avoiding knee-jerk reactions. I say this as someone who lived in Italy in 1978, when terrorist acts included the kidnapping and murdering of the then Italian Prime Minister. I know that Members will agree that we must be determined not to give in to terrorism.

As we remember this weekend the end of the second world war, I want to turn our thoughts to the immense bravery and sacrifice of so many of our citizens. It is indeed a very fitting time to be debating defence in the world. At the end of the first world war, there was a determination that such slaughter should never happen again, and the League of Nations was set up. As we all know, in spite of idealism and optimism, the League of Nations did not live up to the great expectations of it.

The United Nations was set up at the end of the second world war and in a mood of optimism. Its history has not been easy, and there have been many setbacks. Now, on the 60th anniversary of the end of the second world war, it is vital that we again recognise the importance of international collaboration, and that we rededicate our efforts to working at a European and a global level. We are a major world player. We are influential and with that influence comes responsibility—a responsibility to use that influence effectively.

It is so heartening that vital issues such as tackling poverty and climate change and promoting fair trade, which were once the cries only of minority groups and the Churches, are now mainstream issues that are being discussed at the highest level—at the G8. That is due in no small measure to this Government's conviction and activities. Too often, however, efforts to eradicate poverty are thwarted by armed conflict. We now need to use our influence to strengthen the United Nations, and to work at a global level to eliminate pointless massacre. We know that in dealing with some bullies and tyrants, talking is unfortunately not enough. We need a strong deterrent force, and to show that we are prepared to use it. Given our influential position in the world, we need to work with a broad range of countries. We must maintain and develop our defence capacity not just for our own defence, but as part of our contribution to global peace.

Technology is advancing at such a pace that we need to invest in the appropriate research and design. We must recognise the wide-ranging expertise and skills of our defence forces—both those in active service and those working on the design, manufacture and maintenance of equipment. We owe it to all those who fought for us in the second world war to develop and maintain the appropriate technology to safeguard our defence capacity.

The second world war was a struggle to defend the values that our generation now takes for granted. This week, we remember the sacrifices of men and women in the first and second world wars and in the many wars since. Many of us will attend commemorative events, but it is important that we do not forget as soon as the razzamatazz and publicity are over. For that reason, I welcome this Government's decision to introduce the veteran's badge, which can be worn with civilian dress. It will serve as a permanent reminder of the service of our veterans and of our gratitude to them. Let us never forget.

4.29 pm

Mr. George Galloway (Bethnal Green and Bow) (Respect): The hon. Member for Pendle (Mr. Prentice) said that it is a funny old world, and that is certainly true with regard to the issue that he raised. I am, I think, a longer-serving Member of this House than he is, and I remember when the Labour Benches were littered with members of the Campaign for Nuclear Disarmament. Indeed, Members who wear different badges today used then to sport daily the badges of CND.

Mr. Kevan Jones: Some of them are in the Cabinet.

Mr. Galloway: Indeed; the Cabinet is full of them. That was a time when Britain was facing a Soviet Union and an eastern Europe bristling with thousands upon thousands of intercontinental ballistic missiles, all aimed at us. Now that there is no such adversary, those same Members have swapped their badges. I have no doubt that they will comprehensively vote down the motion tabled by the hon. Member for Pendle at the parliamentary Labour party meeting. As he is a gentle soul, I fear for his safety on that occasion if the reports I hear of the PLP are anything like accurate.

I have been sitting through the debate feeling not that it is a funny old world but that it is another world. The sort of complacent consensus that has crept by osmosis through the Chamber as the hours have passed is so utterly different from, and in contradiction to, the attitude outside in the country and around the world that I became more persuaded than ever that the House of Commons is out of touch with reality.

I am sorry that the hon. Member for Gosport (Peter Viggers) is no longer in his place. He may well be an expert on defence procurement matters but, in his mini discourse on Islam, he reminded us of the universal truth that a little knowledge is dangerous. His "Reader's Digest" analysis of Islam and the people of the Muslim world—more than 1,000 million strong—illustrated the chasm between the east and the powerful here in the west.

At least one, perhaps two of the explosions this morning took place in my constituency. Many of those caught up in the events were my constituents, heading to

[Mr. Galloway]

work in the City and the west end. I spent four hours or so this morning at the Royal London hospital in my constituency where the medical staff are toiling, without a break, to deal with the casualties who are being brought in in their scores—perhaps, by now, in their hundreds.

I walked among the emergency workers, including the fire brigade staff, in the very stations that have in the past few weeks had fire engines taken away from them as economy measures. I refer to the fire station at Bethnal Green in my constituency and the fire station in the King's Cross-Euston area—the two places where the fire services are stretched almost to breaking point in dealing with the consequences of this morning's events. The people of the east end and the emergency workers are going about their business calmly and stoically in the way for which our country is famous.

I condemn the act that was committed this morning. I have no need to speculate about its authorship. It is absolutely clear that Islamist extremists, inspired by the al-Qaeda world outlook, are responsible. I condemn it utterly as a despicable act, committed against working people on their way to work, without warning, on tubes and buses. Let there be no equivocation: the primary responsibility for this morning's bloodshed lies with the perpetrators of those acts.

However, it would be crass to do other than what the Secretary of State for Defence in a way invited us to do. We cannot separate the acts from the political backdrop. They did not come out of a clear blue sky, any more than those monstrous mosquitoes that struck the twin towers and other buildings in the United States on 9/11 2001. The Defence Secretary said that we must look at the causal circumstances behind the problems of security and defence in the world. I insist that we do so.

If Members examine our debate tomorrow in the cold light of day they will discover a self-evident truth: many Members of Parliament find it easy to feel empathy with people killed in explosions by razor-sharp red-hot steel and splintering flying glass when they are in London, but they can blank out of their mind entirely the fact that a person killed in exactly the same way in Falluja died exactly the same death. When the US armed forces, their backs guarded, as a result of a decision by our politicians, by our armed forces, systematically reduced Falluja, a city the size of Coventry, brick by brick and killed an unknown number of people—probably the number runs to thousands, if not tens of thousands—not a whisper found its way into the Chamber. I have grown used to that. I know that for many people in the House and in power in this country the blood of some people is worth more than the blood of others.

Mike Penning (Hemel Hempstead) (Con): Will the hon. Gentleman clarify a whisper that has come to the House? Did he say elsewhere today that Londoners had this coming? Is it true that he said that?

Mr. Galloway: That is a despicable smear.

Madam Deputy Speaker (Sylvia Heal): Order. I remind all hon. Members that we are debating the fourth report of the Defence Committee.

Mr. Galloway: The Minister of State says from a sedentary position that it is more or less right. I take it that that means that it is not right. I have never uttered any such words. The words that I am speaking now are my words. If the hon. Member for Hemel Hempstead (Mike Penning) would care to listen, he can disagree with me, but he should not attempt to put into my mouth words that I have never spoken. Madam Deputy Speaker, I ask for your protection. [HON. MEMBERS: "Oh!"] It is either that, or I shall keep speaking and no one else will—

Madam Deputy Speaker: Order. I have already asked hon. Members to debate the motion on the Order Paper. Perhaps we would all do well to confine our remarks to that.

Mr. Galloway: The exchanges that we have just heard are further evidence of my point that in this bubble people just do not get it. If I cannot touch the heart of the hon. Member for Hemel Hempstead with what happened to the people in Falluja, I shall move on to firmer ground.

Does the House not believe that hatred and bitterness have been engendered by the invasion and occupation of Iraq, by the daily destruction of Palestinian homes, by the construction of the great apartheid wall in Palestine and by the occupation of Afghanistan? Does it understand that the bitterness and enmity generated by those great events feed the terrorism of bin Laden and the other Islamists? Is that such a controversial point? Is it not obvious? When I was on the Labour Benches and spoke in the immediate aftermath of 9/11, I said that I despise Osama bin Laden. The difference is that I have always despised him. I did so when the Government, in this very House, gave him guns, money and encouragement, and set him to war in Afghanistan. I said that if they handled that event in the wrong way, they would create 10,000 bin Ladens. Does anyone doubt that 10,000 bin Ladens at least have been created by the events of the past two and a half years? If they do, they have their head in the sand.

There are more people in the world today who hate us more intently than they did before as a result of the actions that we have taken. Does this House understand that the pictures from Abu Ghraib prison have inflamed and deepened that sense of hatred around the world and made our position more dangerous? Do Members of this House not understand that Guantanamo Bay has contributed to the sense of bitterness and hatred against us around the world? Does nobody in this House understand that when Palestinians' houses are knocked down, their olive trees cut down and their children shot by Israeli marksmen, an army of people who want to harm us is created? To say that is not to hope that they succeed—I started by making clear, I hope, my utter rejection and condemnation of the events in London this morning.

It does not matter whether Britain replaces the Trident submarine system with another. The threat now, as the hon. Member for Vale of Glamorgan (John Smith) made clear, is not the intercontinental ballistic missiles of other countries but the asymmetrical threat of angry people who hate us and who are ready to exchange their lives for several of ours, or hundreds of ours, or thousands of ours, if they can do so. Is that really so hard to grasp?

Given that one cannot defend oneself against every angry man among the enragés of the earth, it follows that the only thing we can do is address what the Secretary of State called the causal circumstances that lie behind these events. That means trying to reduce the hatred in the world and trying to deal with the political crises out of which these events have flowed. If, instead of doing that, we remain in this consensual bubble in which we have placed ourselves, we will go on making the same mistakes over and over again. We will go on with Guantanamo Bay. We will go on as we are doing, making Abu Ghraib not smaller as we were told would happen after the photographs were published, but bigger. We will go on with occupation and war as the principal instruments of our foreign and defence policy. If we do that, some people will get through and hurt us as they have hurt us here today, and if we still do not learn the lesson, that dismal, melancholic cycle will continue.

It ought to be common sense that people start from the standpoint that the only thing that matters is whether what we plan to do will make things better or worse. I listened to the Secretary of State lay out the success story of Afghanistan and Iraq, and his account bore no relationship to the truth or reality. He talked about Afghanistan as a success story and about the President of Afghanistan, when everyone knows that Karzai is the president of the congestion charge area of downtown Kabul and no more. He talked about an Afghan army—it is a fantasy. Afghanistan is a patchwork quilt of warlordism, where the warlords' armies dwarf the so-called Afghan national army. He talked about drugs and narcotics: before we invaded the country those lunatics of the Taliban were reducing heroin production in Afghanistan, but the people whom we have put into power there have increased production by 800 per cent. Our armed forces are in Afghanistan and our taxes are being used to support a political structure that is producing 90 per cent. of the junk that ends up in the veins of our young people in Glasgow, east London and many other places in the world.

The Secretary of State talked about Iraq—as if Iraq were any kind of success story. I could not believe my ears as he described, in that complacent, orotund manner, progress over 12 months, 18 months or two years. Iraq is going backwards, not forwards. It is impossible for the Secretary of State to say we shall withdraw in any given time frame, because Iraq is getting worse, not better. There are more people being killed in Iraq now than there were before. More military operations are being conducted by the Iraqi resistance than before. Last Saturday alone, 175 military operations were mounted by the Iraqi resistance on one day.

American soldiers are dying in such numbers that there is now more appreciation of the mistake of the war in Iraq over the pond in the United States than there appears to be here in the British House of Commons. The kind of debate that we have had today would not happen in the US Congress, because US politicians understand the scale of this disaster far better than the politicians in this Chamber appear even to have begun to do.

One thousand, eight hundred American boys, conscripted by poverty, unemployment and poor opportunities, have lost their lives as a result of the pack of lies that was the case for the invasion of Iraq, and 17,000 American boys have been wounded. Ten per cent. of them are amputees, who will have to go around with no legs for the rest of their lives as a result of the pack of lies on which we went to war in Iraq.

Eighty-nine of our own boys, including the son of Rose Gentle from Glasgow, 19-year-old Gordon, were sent to die in Iraq on a pack of lies. The Prime Minister will not even meet Gordon's mother. He will not meet the mother of a 19-year-old boy who was sent to die in Iraq. Last Monday, I was on a television programme and a call came through from the mother of a 17-year-old soldier who was leaving for Iraq the following Monday. He is 17 years old, and he is being sent to Iraq, into that quagmire. The 19-year-old Gordon Gentle is dead. Eighty-eight other young men from this country are dead as a result of this, yet our Ministers roll out their jokes and their cod philosophy here today. They have absolutely no grasp of the gravity of the situation, or of how unpopular their stand has become outside these walls. They have learned nothing from the fact that they lost a million votes as a result of what they did in Iraq, or from the fact that millions in Britain marched against them and begged them not to do this.

The hon. Member for North Durham (Mr. Jones), in an otherwise fine speech, described today's events as "unpredictable". They were not remotely unpredictable. Our own security services predicted them and warned the Government that if we did this we would be at greater risk from terrorist attacks such as the one that we have suffered this morning.

Mr. Kevan Jones: Will the hon. Gentleman give way?

Mr. Galloway: I have to finish; I have gone on for too long.

The experts in our own Foreign Office whom we pay to know the middle east better than the Ministers in Downing street told us in leaked documents—carefully leaked, no doubt, for the historical record—that we would be placing ourselves in greater danger if we did this. So there was nothing unpredictable about this morning's attack. Despicable, yes; but not unpredictable. It was entirely predictable and, I predict, it will not be the last.

4.48 pm

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Madam Deputy Speaker, thank you—I think—for calling me to speak after the hon. Member for Bethnal Green and Bow (Mr. Galloway). I sense that, in the circumstances, I should make an early declaration that I continue to serve as a bomb disposal officer in the Territorial Army. Perhaps I can attempt to defuse this situation, although I should probably steer clear of commenting on many of his remarks.

I certainly agree with the hon. Gentleman's observation that today's events were tragic and despicable. That was brought home to me today when I received a phone call from my wife. She left our house in King's Cross at 8.50 this morning and went down to the tube platform, only to leave it again to go and buy herself a pair of tights. Had she not done so, I believe that she would have been on the train that the bomb was on. From that point of view at least, I am grateful that she bought her tights today.

[Mr. Mark Lancaster]

I would like to pick up on some of the comments made by other hon. Members about the veterans' days coming up this weekend. I play an active part in our Royal British Legion in Olney and I hope the House will forgive me for giving a shameless plug for its events on Sunday. Comments were made about the Trafalgar day celebrations last Tuesday. I thought they were excellent, not least the fireworks display—but I would say that, as the family firm put it on.

I have been told that an author's first book tends to be based on personal experience, so as this is my first speech in a Defence debate, I shall concentrate on what I know. To that end, I shall explore two main topics: the overstretch of the armed forces and the balance between our commitments and capabilities and, specifically, its impact on our reserve forces. I am sorry that the Secretary of State made no mention of our reserve forces in his opening remarks, although I realise that he was pressed for time. I shall consider in some detail the ongoing TA future army structure review.

The Government have repeatedly tried to maintain that our armed forces do not suffer from overstretch, yet by their own definition, according to the 1998 strategic defence review, overstretch is

"trying to do too much with too little manpower".

It is blindingly obvious that our armed forces are working under those conditions. The two accepted measures for dealing with overstretch are to increase recruitment and retention and/or to reduce overseas commitments. Instead, the Government's defence policy includes cutting existing numbers, freezing recruitment and increasing our commitments, be it in the Balkans, Afghanistan, Iraq, East Timor or elsewhere.

Our armed forces also have UK commitments, such as the 2001 foot and mouth crisis, flooding or Operation Fresco, the reaction to the firefighters strike. Although our armed forces have always risen to those challenges with the professionalism for which they are renowned, they highlight in no uncertain terms the pressures under which our armed services are working.

The imbalance between commitments and capabilities has led to an unfair over-reliance on reservists. The Defence White Paper in 2003 examined in one of its supporting essays, "developing the reserves". In that paper, the Government claim that they look to reservists to provide

"forces (for both contingent and enduring operations) which cannot always be justified as full-time parts of the Regular establishment on grounds of cost or the need for specialised transferable skills".

That is an awful lot of pressure for reservists.

We have already seen that operations in theatres such as Bosnia, Kosovo, Afghanistan and Iraq could not have been undertaken without the use of reserve forces. About 8,500 personnel are currently deployed in Iraq, down from 46,000 at the peak of the fighting phase. About 6,170 TA personnel were mobilised on Operation Telic. I accept that that may seem only a small percentage of the total TA force, but we must remember that only TA soldiers deemed fit for role can be mobilised—those who have been trained in their proper profession and who are suitable for the job that they are being held against. As there is a high turnover of TA personnel—it can be up to 25 per cent. in any one unit in any one year—the pool of TA servicemen who can be called on at any one time for operational service is much smaller than the overall figure that is given.

I have recently left a bomb disposal regiment and I know that the soldiers available to fill the slots required in Iraq are very few indeed. The same people are called again and again. I have been mobilised for operational service twice in the past four years. The TA is a shotgun that can be fired, but I am not convinced that the Secretary of State is fully addressing the regeneration issues caused by the constant mobilisation of the same personnel.

With that in mind, it is perhaps unfortunate that, last December, the Government announced plans to increase the total number of part-time servicemen deployed in Iraq to 1,000 by May 2005. According to the MOD, under the SDR, TA personnel will be considered for service in Iraq for as long as that conflict continues. The Iraq war has created a few problems for TA members. Many did not receive any pay in the first weeks after mobilisation. It was appalling that, while they were at war, they had to arrange finance to cover loans and mortgages, adding unnecessary work and anxiety, and that £40 million in additional retention bounties due to be paid out March 2004 was retained by the MOD because of computer problems. There are also concerns about insurance, especially as many reservists had little notice of their mobilisation.

A survey of TA personnel sent to the Gulf found that 80 per cent. did not expect their employer to support any future development, 63 per cent. of medical and technical staff said that they were thinking of resigning from the TA, 73 per cent. said that the NHS would lose vital skills because of deployments and 39 per cent. were worried about the effect on their job security.

That said, on a positive note, I am encouraged that much has been learned from the experience of Operation Telic and the attitude surveys of soldiers returning from deployed operations. That has led to a progressive overhaul of, and gradual improvements to, TA conditions of service and employer and welfare support. The MOD's support for reservists is improving—I give credit to the Government for that—and includes providing demobilising reservists with information regarding their legal rights. Another step in the right direction is the SaBRE—supporting Britain's reservists and employers—campaign. However, more needs to be done, as two independent reports commissioned by the Government show that employers' awareness of SaBRE in the first year of its existence was very low.

Although reservists are given statutory protection under the provisions of the Reserve Forces (Safeguard of Employment) Act 1985, some reservists have problems in retaining their jobs while serving in the armed forces. The Reserve Forces Act 1996 states that, if a reservist loses their job, they can take their employer to an industrial tribunal, but crucially the MOD does not act on their behalf. Also, although that Act rightly gives reservists safeguard of employment, it does not give safeguard of promotion.

From a practical point of view, many employers now look at returning reservists and say, "Under the current climate you may well be mobilised again, and while I

have to give your job back, I am not necessarily going to promote you." That is a vital element that the Government must consider. Reservists are being mobilised once, coming back, realising that they must give priority to their primary career, not to the Territorial Army, and resigning. That is putting even greater pressure on current members of the reserve forces because the pool from which people can be drawn is getting smaller and smaller.

I think that under the circumstances I have probably gone on for too long. Since other Members want to speak, I will not proceed to my second point. I merely ask the Secretary of State to look beyond what is currently happening to the Territorial Army, because the undue pressure that the imbalance between commitments and capabilities is putting on the TA and other reserve forces is almost at breaking point.

4.58 pm

Mike Penning (Hemel Hempstead) (Con): Like many colleagues in the House today, I thought long and hard before deciding to contribute to the debate. With the rising toll of deaths in the terrible tragedy this morning, it was difficult to decide whether to speak. I understand that constituents of mine are involved. Perhaps we should all think about our constituents today.

Unlike some Members, I did not see this afternoon as an opportunity to destroy the morale of our armed forces but to work with Ministers in explaining to them some of the concerns and problems that I experienced personally when I visited our troops during the most recent Gulf war and subsequently in the last few weeks before the general election. In the light of the tone of the debate, or most of it, I do not want to attack the Government over what has gone wrong or what has gone right. I want to highlight some of the problems that troops in the field made me aware of.

It may not be a politically correct term, but I was a boy soldier. I joined the armed forces at 16, and after one year was promoted to guardsman, at which level I stayed for the rest of my military career. I am proud to be the voice of the lower ranks in the House.

Just before the general election, I was with the brilliant Scots Guards in al-Amarah in Iraq. I served with the Grenadier Guards, and the Scots Guards is nearly as good a regiment. In my time, the Guards formed a very self-contained unit, with its own medics, paras and signallers. It was very proud of its ability to deploy fully and integrally by itself.

I was enormously proud to see the Royal Gibraltar Regiment serving with the Scots Guards in al-Amarah. The people from Gibraltar can be very proud of their work, but I had to ask the colonel in charge why the Scots Guards had to deploy with other detachments. He told me that the regiment was no longer able to deploy on its own and that it now had to work with other units. There is a severe shortage of guardsmen and especially of experienced NCOs. The Secretary of State must address that problem, to which I shall return later.

As I walked around the camp, I noticed the fantastic Warrior armoured vehicles, of which the Scots Guards are very proud. As we know, they have saved an awful lot of lives, but it was disturbing to learn that every vehicle had to be taken out of operation on the regiment's return to Germany at the end of the tour of duty. That was because the new Bowman radio system, for which we waited for what seemed like a decade, does not fit into the Warrior's turret. That is why all the vehicles had to be adapted, and could not be used while the adaptation was carried out.

I cannot believe that that was not foreseen. The Bowman equipment is only a little box. Earlier, the Secretary of State used the phrase "not rocket science";. It is not rocket science to realise that a little box needs a little hole, but this little hole was too little. That was demoralising for the very brave troops trying to do their job in the field.

As for accommodation, it was hard to remember that we are in the 21st century. Our troops were deployed with troops from all over the world and accommodated in very nice tents whose air conditioning does not always work. When that happens, troops open both ends of the tent and let the wind blow through. In the middle of a desert, the British Army has to live in tents: just 400 yards up the road, the American armed forces have deployable pods with air conditioning, showers and other facilities.

John Reid: We have air conditioning.

Mike Penning: I agree, but it does not always work. It did not work very well when I was there. The British troops told me that the best air conditioning is achieved by opening both ends of the tent and hoping that God blows really hard.

I accept that operational problems occur, but this is the 21st century. The American pods were brought in by contractors. When I was in Germany in the 1970s, the Americans came off exercises and went for showers in massive articulated lorries. We stood and watched, as proud as punch and smelling like anything because we had not had a shower for nearly two weeks.

I accept that that is how the British Army works, and it is why we have the best soldiers in the world. However, on such a long-term deployment as the one in Iraq, it cannot be right that the problem with the tent that I have set out should have occurred.

When I was in the military, we were all very proud of the NAAFI, which has done a wonderful job of looking after our troops for many years. I asked the guys in al-Amarah how much they used the NAAFI shop there. They told me that they tried not to use it at all, because the locals sold goods such as CDs, batteries—or even drink—more cheaply. I know that a parliamentary question on this matter was tabled before the Secretary of State came to office, but why are the goods that we sell to our troops more expensive than the ones that they can obtain privately from local sources? It is ridiculous. The NAAFI is there not to rip off our troops, but to serve them in the field.

Probably the biggest bugbear in the British Army since the time that I joined in 1974 and still today is the personal webbing and kit of a soldier in the field. We had the debacle of the SA80 and whether it would be refurbished or not. The new SA80 A2 is a damn good weapon. We accept that. The troops said to me, "The first one was a heap of rubbish, sir. This one actually works." That is fantastic news, but we should have got it right at the start. There were other issues, such as whether the guys out there had proper food, loo rolls and so on.

[Mike Penning]

When I returned to Iraq just before the general election, we still had troops in olive green webbing in the middle of a desert. "Why?", I asked the commanding officer. "The webbing hasn't come through, sir." Then I commented to the commanding officer that a lot of the webbing and equipment the soldiers were wearing was not Army issue. I asked why that was. When I served in the Guards, I could not even put a pair of bootlaces into my boots without my sergeant major saying, "That's not issue, lad. You're not having it in there." When I asked the commanding officer in Iraq what was going on, he replied, "Our decision is now, sir, if the soldiers can buy it and are willing to buy it, and it's better than what they get on issue, we'll let them wear it."

I was astounded. The Guards, of all the regiments, would never have let that happen. The reason it is happening is that the kit that the taxpayer is buying and that we are procuring for our troops is not suitable for use. We need a full review. I know the Minister disagrees, but we need a review of personal kit. Before the election, I met a mother whose son had just joined the Royal Engineers. She had spent £1,000 out of her own money buying kit for him. The average sum spent, the soldiers in Iraq told me, was £750. That cannot be right. Taxpayers' money is being spent, yet these guys and girls are still going off and buying equipment.

The units that I was with in Iraq were men-only units. I then went to the field hospital, where I was told that everything was fine except that there was a slight shortage of nurses. I suggested that lots of nurses must have been called up through the Territorial Army. "We've called up all we can, Mr. Penning," they said, "but we are still desperately short of nurses." I asked how they were filling the gap. "Well, Mr. Penning, I mustn't tell you this, but we are using a company called Frontier Medical. That's an agency. We have agency nurses here in al-Amarah, supporting our troops in the field." I praise the agency nurses for having the guts and determination to go out there, but they are on £600 a day. Our junior troops do not earn £300 a week. There is something wrong with such an imbalance.

Another imbalance was alluded to in earlier comments. Some of our troops are leaving as soon as they return to the UK We must ask ourselves why they are leaving. Is it because their time is up and they have done their service—their three, six or nine years? No. Most of them are leaving by purchasing. They are going before their commanding officer and asking to purchase their discharge from the armed forces. Why are senior NCOs leaving the armed forces after six, seven, eight or nine years? The answer is that they are going back to Iraq, Minister. They are going back to be part of the security services out there because they can earn in a day what our guys are earning in a fortnight. That must be wrong. We must assess why that is happening.

One reason why there are so many security guards out there is that we do not have enough troops to supply. I shall give an example. When I was in Baghdad, I was kindly put up at the ambassador's residence. We were met and taken around brilliantly by plainclothes Royal Military Police—some of the best trained soldiers I have ever worked with. They were fantastic. The ambassador's residence is guarded by private security companies. The embassy in Baghdad is guarded by private security companies. When the Royal Military Police are asked, "Isn't it slightly embarrassing that you can't guard our ambassador in a conflict situation?", they say, "With what, sir? The Royal Military Police isn't big enough to do this any more."

I do not want to hark back to the days when the armed forces would not have fitted inside Wembley stadium, when it is eventually built. Now, the whole of the British Army would fit inside Wembley stadium once it is built. I do not want to hark back to the fact that we have tremendous problems with recruitment, even though it is plain why we have such problems. Our biggest problem is retention. The Minister knows that, as it has come up time and again. Our experienced servicemen are going back home. The Scots Guards have gone back to Munster. Even before they have left the area, it is known that most of the senior and middle-ranking NCOs will leave the armed forces. Something must be done to encourage them to stay. They joined the armed forces because they wanted to be in the armed forces, but they are being undermined while they are out there serving.

I may have spoken for slightly too long, and I apologise. Let me finally say that the hon. Member for Bethnal Green and Bow (Mr. Galloway) said something that worried me. I fear—I am not saying this just because he is not present—that his comments will probably have caused even more problems for morale in the armed forces. They are the last thing that our troops need to hear. What really worried me, though, was his saying that a 17-year-old soldier had been deployed to Iraq. I was a boy soldier, but could not be deployed even to Northern Ireland until I was 18. If what the hon. Gentleman said was incorrect, I hope that the Minister will let us know. Soldiers must be 18, and that is how it should be. Boy soldiers should not be deployed, and God forbid that they ever will be.

Young soldiers need to be trained. That helped me enormously to get on to the straight and narrow when I was a young man of 16. I am proud to have served, and I was proud to go and visit our troops. Nevertheless, I hope that the Minister will consider some of their problems and concerns, which I promised them I would raise in the House if I was elected.

5.11 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Today's debate is all about defence in the world. The fact that Britain is a major military power means that we have a tremendous amount of responsibility in regard to where we deploy our armed forces. Obviously, there are parts of the world that we must protect. Places such as the Falkland islands and Gibraltar depend on us, and the British public understands why we are sending our troops to those places. In fact, they support us. They support the Government wholeheartedly, and approve of the spending of money and other resources on protecting the places where we send our troops.

Other areas, such as Belize, depend on us. If there were not British soldiers there, the neighbouring country, Guatemala, would devour Belize. We are playing a critical role in supporting that small country.

Our Navy does a great deal in the Caribbean to stop the flow of drugs.

Mike Penning: Not for long.

Daniel Kawczynski: Well, it does at the moment.

Then there are places such as Iraq. No matter what people's views are on the war in Iraq—we have heard some very different opinions here today—I feel that our allies in NATO have responsibilities to help us, whether or not they agreed with the war. Some of our NATO allies are helping. Countries such as Poland and Italy have sent troops. They are with us there, supporting us in bringing democracy and stability to the country. However, I disagree with the Secretary of State for Defence, who assured me that all NATO members were doing their bit. I do not believe that they are. I think that NATO is meant to be a bloc of total solidarity between nations. If we do something, all the member countries in that bloc should participate, but I believe that some NATO allies have not done as much as they could to support us in Iraq.

There are some extremely wealthy countries in the European Union, with relatively large defence budgets, but they have played almost no part in the post-war development of Iraq. Then there are other countries around the world such as India, Pakistan and China. Those are growing military powers, but—it is somewhat controversial to say this—they currently seem to be focusing on their own local back yards rather than recognising that with their increased economic and military power, they too should start to take responsibility for dealing with trouble hotspots around the world.

What I am trying to say is that we are making too many interventions around the world. It is easy to demand that we help this country or that country, but we are already doing a great deal. The Secretary of State and the Government should make other countries around the world take responsibility and shoulder some of the hard work and effort that we are putting in.

I cannot understand our intervention in Sierra Leone. I do not understand why we have troops in Sierra Leone, but not in Darfur or other trouble spots in Africa. Why are our troops in Sierra Leone? Nor do members of the public fully understand the matter. In preparation for the debate, I asked some people in Shrewsbury whether they knew that we have troops in Sierra Leone. They did not, so I asked them whether they supported that deployment. They said that they did not, because they did not understand why our troops were there.

Mr. Ingram: If I may, I shall explain briefly why we have troops in Sierra Leone and what they are doing there. They are part of an international military training team, of which they form the greatest number. Their purpose is to train the Sierra Leone forces so that they can take on the problems internally in that country to maintain stability and to enable them to work with neighbouring countries to try to bring stability to that region. Without question, our troops do a superb job and we will continue to maintain them there.

Daniel Kawczynski: I am sure that they do a superb job, but the question remains: why Sierra Leone and not other parts of the world? I raise the question only because I believe that the British public need greater clarification when Governments take decisions to deploy troops. The public need to understand why they have been sent to Sierra Leone and not another African country. There are so many trouble spots around the world that the Government have a responsibility to explain why they will intervene in one place and not another.

We need to be able to say, "No, we cannot commit troops to that particular problem, because we are already overstretched." We need to focus more on some of our own interests. Today has been a very painful day for Members on both sides of the House. For me, homeland security is very important and that brings me back to what my speech has been about. We do a great deal around the world, but it is now the time—when we are under threat from terrorism—to start to focus more on Great Britain, on protecting our borders and our country, instead of spreading ourselves so thinly across the world.

5.18 pm

John Hemming (Birmingham, Yardley) (LD): I apologise for not being present for the start of the debate. My understanding is that the closing speeches are scheduled for 5.25—

Dr. Julian Lewis (New Forest, East) (Con): At the latest.

John Hemming: In that case, I have seven minutes.

I share the concerns expressed by Conservative Members about the treatment of the troops and the failure to provide adequate kit for them. I have several contacts in the Territorial Army and a branch is based in my constituency. Considerable concern has been expressed to me about those issues. The wider issue is the policy of the Government and how they approach matters throughout the world.

If the Government are to take action without wider acceptance of the justice of their case for doing so, as arguably happened in Iraq, that will cause difficulties. We have seen such difficulties in Iraq. Although the British troops have lots of experience of dealing with difficult situations in Northern Ireland, the actions of the American troops and the anger that they cause have an impact on the British troops and put them in a difficult situation. When we find ourselves, as we do now, with great constraints on resources throughout the world, we end up stretching our troops very thinly and facing difficulties with kit. As a result of the Government's defence policy, we put the troops in a situation that is unacceptable in many ways. The knock-on effects cause massive difficulties for the United Kingdom in many countries throughout the world.

The Government must think about the way in which they address the issues of defence. I refer not just to the detailed issue of the treatment of the troops, but to their policies and whether they receive wider acceptance in the world. They have not done so to date, and that is causing substantial problems in this and other countries. The Government must recognise the need to address that problem.

I have come in at the end of this debate and recognise that the winding-up speeches are about to start. However, I conclude by saying that the Government really need to think about what they are doing with their defence policy throughout the world. It has a large number of problems.

5.20 pm

Dr. Julian Lewis (New Forest, East) (Con): I wish to start with a quotation from that great public servant, the late Lord Ismay. He served as Churchill's representative on the Chiefs of Staff committee throughout world war two and later became the first Secretary-General of NATO. He therefore spanned a great deal of the history of the 20th century, and in his active service as a young officer, he had something to do with insurgencies as well. When he was looking back on this unparalleled career, he wrote:

"It is easy to criticise peaceful democracies for their habitual lack of preparedness when a war breaks out, but it is only fair to recognise that the dice are loaded against them. Dictators, bent on aggression ... are masters of their own timetable. They are free to decide when to strike, where to strike and how to strike, and to arrange their armament programmes accordingly. Their potential victims, the democracies . with their inherent hatred of war, do not know when or whe .he blow will fall, or what manner of blow it will be."

If Lord Ismay were alive, well and living in these times, I think that he would say something similar about the problems that we face today.

A threat is at large in the world that is beginning to manifest itself on a small scale domestically in the homelands of the principal democratic countries. We saw it in America in September 2001; we saw it in Spain on the eve of its general election; and we have seen it today; and of course, it is no coincidence that the G8 summit is currently under way.

I will not wander from the subject of the debate, which is "Defence in the World", but I agree with the hon. Member for Bethnal Green and Bow (Mr. Galloway) to the extent that there would be an air of unreality about a defence debate taking place on such a day if it did not in any way allude at least to the type of conflict of which we have seen such a terrible and despicable manifestation in the streets and on the tube network of London today.

I will not speculate about who did this, but I will make a prediction. My prediction is that it will be found in the end that very small numbers of people indeed were involved in carrying out these atrocities, just as very small numbers were involved in carrying out the atrocities that we have seen in a variety of countries since September 2001. I do not know whether the people carrying out these atrocities have a real understanding of the resilience of democratic societies under such circumstances. Again, I agree with the hon. Member for Bethnal Green and Bow to the extent that, from the point of view of the victim, it makes very little diffe nce whether they are killed by a suicide bomber o us or by a high explosive dropped from an aircraft is not to say, however, that the two activities are parable.

Certain methods of war are recognised as legal. Certain methods of killing people are widely recognised as totally unacceptable. No matter how volubly, with what degree of articulation, or at what volume the hon. Gentleman may speak—I am sorry that he has not seen fit to come back to the Chamber now that he has caught his headlines—he nevertheless cannot conceal the basic difference between casualties who get caught up in conventional warfare and casualties who get caught up in acts of terrorism. There are laws of war, but what happened today was not part of any recognised law of war.

I am sorry that there is still a Member of this House who is willing to try to justify, or empathise with, people who behave illegally when fighting their cause, no matter how strongly he happens to believe the grievances that they imagine they have. What is it that people of this sort really expect us to do? Do they really expect us to hand over a country such as Iraq to people, for the most part foreigners, who would destroy any chance of freedom for the millions of people who make up that society? Did they expect us to have done nothing in Afghanistan? I remember that a Member in the last Parliament said that we should have bombed Afghanistan with bread, not bombs, and subsequently identified with, and empathised with, suicide terrorists in the middle east. She has gone to a well deserved fate in the House of Lords and I am glad to say that her outlook is not widely shared.

When we consider the defence in the world that we have to undertake, we must recognise that the people who are mounting these campaigns fully understand the importance of having maximum impact for minimum effort. We must fight on the ground where we are strongest, not where they are strongest. The hon. Member for Bethnal Green and Bow said that some of those people are prepared to sacrifice their lives if they can take thousands of people with them. Yes, indeed they are, which is why there is only one threat about which we really must worry as a nation, as opposed to as individuals, families and people who may get caught up in random or planned acts of terrorism: people of that sort must never be allowed to get their hands on weapons that could possibly kill thousands or tens of thousands because we know that they would unhesitatingly use them if they could get hold of them. That is why the threshold has been lowered for intervention internationally. That is why one cannot take the chance of allowing other countries with dictatorial regimes that might think it in their interests to make such weapons available to such terrorists to continue to have the possibility of owning those weapons, unless they can satisfy the international community that they absolutely have renounced them.

We heard several hon. Members pleading the cause, even now, of unilateral nuclear disarmament. The hon. Member for Pendle (Mr. Prentice) said that we should not be thinking of Trident, but rushing round the world trying to scoop up the loose fissile material that has gone missing from the former Soviet Union. However, I say to him that those two propositions have nothing whatsoever to do with each other. Whether or not we have a successor to Trident will of course not diminish the problem of terrorists getting their hands on fissile material, but it would certainly add to our dangers if we got into a situation in which other countries continued to possess nuclear weapons while we renounced ours.

The hon. Member for Vale of Glamorgan (John Smith), in a typically thoughtful speech that became typically emotional, did everything that he could to argue the case for the Defence Aviation Repair Agency workers who formerly did such an excellent job in his constituency for the RAF.

My hon. Friend the Member for Gosport (Peter Viggers) gave an account of the basis of the more extreme factions of militant Islam and said that there was not enough emphasis on winning hearts and minds. Here there is a role for our Defence Secretary and Prime

Minister to do a little more in carrying over to our American allies the successful techniques that have been used by British forces over the post-war decades in defeating long-term insurgencies. The most obvious role model is the long campaign in Malaya. At the end of that campaign, the insurgency was defeated. Insurgencies have to be defeated by a number of means. They have to be resisted militarily; they have to be fought at source; they have to be infiltrated at home; and one must never give the slightest evidence of weakness of purpose.

There, I take issue with one or two Members such as the hon. Member for Montgomeryshire (Lembit Öpik), who suggested for the Liberal Democrats that it was important to set some sort of date for withdrawal. Nothing could be better calculated to increase the dangers to our troops working in Iraq than the knowledge that the insurgents had to hold on only for so long and those troops would be gone. If we are to fight a campaign of this sort, the message has to be that there will be no withdrawal until the enemy are defeated, so they may as well give up now because they are not going to win. Anything less than that message and we may as well not have got involved in the first place; otherwise, we will be heading for unnecessary casualties and ultimate costly failure.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) made the point that the sort of incidents that we have seen in London today have been happening for a long time and on a much heavier scale in Iraq. I could add that they are also similar to events in Israel. Whatever one thinks of the rights and wrongs of the Arab-Israeli dispute, one must recognise that the incidents that have happened on such a heavy scale in Israel have no chance whatever of overthrowing the Israeli state. The sooner terrorists and their apologists realise that they will have no chance of overthrowing the democratic system of the United Kingdom, the sooner this sort of strife and atrocious behaviour can be brought to an end.

The hon. Member for Llanelli (Nia Griffith) remarked on the role of international organisations and sensibly backed up her point with a hard-headed realisation of the necessity from time to time to use military force. My hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) concentrated on the use of our reservists, who are put under excessive pressure at a time when we are dependent on them as well as on our regular forces.

My hon. Friend the Member for Hemel Hempstead (Mike Penning) brought to our debate knowledge that can be gained only as a highly professional former regular soldier by talking about what it really means to the troops on the ground not to have the adequate equipment and adequate communications on which their lives may well depend.

Finally, my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) suggested that we were intervening too often. I do not entirely accept what he said about Sierra Leone per se. I visited the country with the Defence Committee and I can tell my hon. Friend that people were stopping us in the street and thanking us simply for being there, because a relatively small military investment had had a relatively large effect on the security of many people living there. I venture to add that it brought a beneficial effect on the area as a whole. I agree with my hon. Friend that when we take decisive action of that sort in a country like Sierra Leone, it seems rather inconsistent that we refuse to take action in countries facing equally if not more extreme circumstances, such as the suffering of those poor people under Mugabe in Zimbabwe.

As I have a few moments left, I want to say a little more about the nuclear deterrent—something that is close to my heart because I go back on this campaign to a time in the 1980s, which included a famous long march by the then general secretary of the Campaign for Nuclear Disarmament, Monsignor Bruce Kent. He started out at Faslane and walked all the way to Burfield. At various stages en route, he was joined by people like me who disagreed with him and people like the hon. Member for Bethnal Green and Bow who strongly agreed with him. Of course the cold war was still raging. At that time—in no way do I distort the argument—it was suggested that there was no evidence whatsoever that the Soviet Union and its Warsaw pact allies posed a significant or serious military threat.

In 1998, a book was published called "The Cold War: A Military History", which revealed some of the plans that the German Government discovered after the downfall of communism. This is what they said:

"since the end of the Cold War, no evidence has been found of any Warsaw Pact defensive plans, except for a few formulated in the final three years, after President Gorbachev had insisted that the General Staff prepared them. Instead, all plans concentrated on a series of massive attacks, which were aimed at securing Soviet control of the entire west-European land mass."

A campaign was planned that would overrun the central front and then France would be overrun,

"so that the leading troops arrived at the Atlantic coast and the Franco-Spanish border by the thirty-fifth day.

In these plans it was intended to use nuclear weapons as an integral part of the attacks, even if NATO did not use them first, and many targets had already been selected. The main attacks on the Central Front would have been allocated 205 Scud rockets at army level and 380 short-range missiles at divisional level, which 255 nuclear bombs carried by aircraft".

At that time, plenty of people believed that it was unwise of us to keep nuclear weapons. I should like to ask the House how many people still think that it was unwise for us to keep nuclear weapons in the light of what we now know of the Soviet attack plans if a war had broken out. Those were offensive, not defensive, plans.

It is said that article VI of the non-proliferation treaty commits us to getting rid of all our nuclear weapons. Well, yes and no. What it actually commits us to is

"to pursue negotiations in good faith on effective measures relating to the cessation of the nuclear arms race at an early date",

which we certainly have done,

"and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control".

In other words, what it is saying is that we should aim for both a nuclear-free world and a conventional-arms-free world as well.

[Dr. Julian Lewis]

I was indeed at that meeting with Robert McNamara, a gentleman who played a key role in the evolution of America's strategy in the run-up to and during the Vietnam war. I noted that he did indeed say that nuclear weapons are illegal. I then challenged him on that very point, and he showed straightaway that he did indeed know that the requirement was for worldwide nuclear and worldwide conventional disarmament, and he said that an attempt was even made to insert a comma between the two at some point to try to differentiate them, but that it had mysteriously disappeared. That did not stop that gentleman, who is a remarkable character at the age of 88, from nevertheless having conceded the point that nuclear weapons were not illegal under that provision, rounding off his speech with the peroration that was quoted by the hon. Member for Pendle, and reasserting that they were illegal after all.

I have to ask the hon. Member for Pendle and those who think like him why someone whose judgment was so flawed in the 1960s appeals to them now as having wise judgment in the 21st century. The answer is that people with a career that points them in a certain direction during its active phase sometimes, with a view to history, like to rewrite it or reshape it during their retirement.

Mr. Gordon Prentice: Will the hon. Gentleman give way?

Dr. Lewis: I am sorry but no, I am about to conclude.

This debate has taken place on a solemn day in solemn circumstances. These circumstances remind us that we have to protect ourselves, and they do not suggest that the way to protect ourselves is always to do everything that our enemies and opponents want us to do. It is not enough to say that the suicide bomber should have his cause understood. It is not enough to say that it was predictable that these events would happen. Of course it was predictable, but that does not mean to say that we could have done anything other than what we did, which was to try to take on the godfathers of, and root causes of, terrorist movements in countries far from here. If we do not take them on far away from these shores and tackle them in the way we have, on a bipartisan basis, we can expect more—not less—aggravation, atrocities, death and destruction within these shores.

5.41 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): All our thoughts are elsewhere at this sad time, and I certainly share the sentiments expressed by all Members about the developing tragedy outside this House. It is worth putting on the record a press release from the Muslim Council of Britain, which condemns what has happened. It states:

"Yesterday we celebrated as Londoners, euphoric that our great city had secured the Olympic Games. Today we stand aghast as we witness a series of brutal attacks upon our capital city. We were together in our celebration; we must remain together in our time of crisis".

The hon. Member for Bethnal Green and Bow (Mr. Galloway) should pay heed to those comments.

Once again, we have had a vigorous, healthy and well-informed defence debate that has shown the importance of our armed forces to us all. I may not agree with many of the points made by Opposition Members, or even with some of those made by Labour Members, but I think that we will all agree—with perhaps one exception—that the praise that we give to the armed forces is well deserved. The services deserve our thanks and admiration for their selfless efforts, in often dangerous and unpredictable circumstances, in countries throughout the world. They serve this nation well and they can take justifiable pride in all that they do as a force for good.

I thank for their contributions the right hon. and learned Member for Devizes (Mr. Ancram)—I understand that he cannot be in his place to hear the wind-ups—my hon. Friend the Member for Pendle (Mr. Prentice), the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), my hon. Friend the Member for Vale of Glamorgan (John Smith), the hon. Member for Gosport (Peter Viggers), my hon. Friend the Member for North Durham (Mr. Jones), the right hon. Member for North-East Hampshire (Mr. Arbuthnot), my hon. Friend the Member for Llanelli (Nia Griffith), and the hon. Members for North-East Milton Keynes (Mr. Lancaster) and for Hemel Hempstead (Mike Penning). I pay particular tribute to the hon. Member for Hemel Hempstead, and I thank him for his contribution in Iraq, along with other Members who have served in that theatre and elsewhere in recent times. I also welcomed the contributions from the hon. Members for Shrewsbury and Atcham (Daniel Kawczynski) and for Birmingham, Yardley (John Hemming), and, of course, from the hon. Member for New Forest, East (Dr. Lewis).

In opening this debate, my right hon. Friend the Secretary of State referred to some of our successes in helping to make this a better and more secure world. To that end, our armed forces have served with distinction in Iraq, Afghanistan, the Balkans and west and central Africa, as well as in Northern Ireland. Our forces will remain committed in all those areas for as long as they are needed. However, it is obvious that the challenges that we face today—international terrorism, the proliferation of weapons of mass destruction and the risks posed by failed and failing states—cannot be solved solely by military solutions. An effective response to these problems requires integrated planning of military, diplomatic and economic actions at national and international levels.

My right hon. Friend made it clear that NATO and the Euro-Atlantic partnership remain a cornerstone of our defence. My right hon. Friend also made it clear that the European Union has a distinct role to play in addressing today's security challenges. Our presidency of the European Union provides us with the opportunity to continue to develop the European security and defence policy. That is an opportunity to improve European capabilities and achieve greater co-ordination between the civil and military components of the response to an emerging crisis.

The work reflects our efforts nationally to join up the activities of different Departments and improve our ability to address the threats of today and tomorrow. The Ministry of Defence is working ever closer with the Foreign and Commonwealth Office, the Department for

International Development and other Departments to try to deal with threats and tensions before they escalate into conflict.

The global and Africa conflict prevention pools that were set up in 2001 provide us with a unique cross-Whitehall structure for co-ordinating military, diplomatic and development activity to tackle the long term and underlying causes of instability overseas. Our policy is to focus our engagement on those countries and regions where we believe that the United Kingdom can make a genuine difference. Through that strategy, we have achieved notable successes in several countries across the globe, from Belize to Indonesia.

Let me give some practical examples of what our people achieve through their activities. The British peace support team in east Africa has been training African Union personnel so that they can undertake peace support operations in Darfur. Following our successful support for Kenyan de-miners, operating with the United Nations in Eritrea, the Royal Engineers are assisting the Kenyans in developing the international mines action training centre in Nairobi. I had the honour of officially opening that centre last year. The hon. Member for Shrewsbury and Atcham asked why we are in certain places. I hope that he considers that activity to be beneficial and therefore justified.

The United Kingdom also leads the world in expertise on security sector reform. That work develops potentially unstable countries' security structures so that they can provide their own security and reduce their reliance on assistance from us and other nations. Let me give two examples. Our experts have supported the Jamaicans in developing their national security strategy and are training the Indonesian military in the importance of civilian oversight and the democratic accountability of the armed forces. Does the hon. Member for Shrewsbury and Atcham agree with that deployment? If not, why not?

The conflict prevention pools also fund security sector reform activities to support post-conflict stabilisation in Afghanistan, Iraq and the Balkans. In Afghanistan, the Ministry of Defence supports Afghan defence reform, demobilisation and disarmament. That work is complemented by DFID and FCO-led programmes for reintegrating its competence and reforming the police. Does the hon. Member for Shrewsbury and Atcham believe that that is a place where our commitment is worth while? *[Interruption.]* He questioned where we are, what we are doing and the merits of it.

Of course, we can always improve on the way in which we do things. We especially acknowledge the challenge that conflict prevention and stabilisation work presents in the period that immediately follows conflict. We are in a crucial period, when we need several Departments to react quickly and in a co-ordinated fashion to begin reconstruction activities as soon as the security situation allows. We recognise some of the weaknesses in our approach to Iraq, but as a result of our experience we decided last year to establish a cross-Government, post-conflict reconstruction unit. I could provide other examples but I want to deal with the debate.

The right hon. and learned Member for Devizes made several points that other hon. Members also mentioned. He referred to the National Audit Office report on capabilities and military readiness. He mentioned Afghanistan and our work on counter-narcotics and he asked about recruitment. The NAO report on military readiness suggested that 38 per cent. of the forces reported serious weaknesses in readiness for new operations. Critically—I emphasise that word—the report showed that only 2 per cent. of forces reported critical weaknesses that would make it impossible to deploy them on operations. Of course, those have been addressed and corrected. By the end of March, no forces were reporting critical weaknesses.

Some weaknesses are inevitable given the current operational commitments, especially in units recuperating from operational deployment. It is important to understand what is happening and to put in place measures to correct that. It is important to represent the balance of the NAO's views. The report specifically says that the MOD has a

"good understanding of risks to readiness"

and, importantly,

"good plans . . . to mitigate them".

Let us look at the impact. The armed forces are heavily committed, but the number of regular armed forces deployed on operations was reduced from 20 per cent. to 18 per cent. over the course of the year, and has gone down from the 35 per cent. peak of the war-fighting stage in Iraq. We believe that that is challenging but sustainable, and that we can do more if need to.

The impact on the Royal Navy was also examined. It has been said that in the worst-case scenario little more than half the fleet would be able to deploy within the allocated time as the result of a deliberate decision by the MOD to run down the Navy's readiness. In paragraph 2.8, however, the report makes it clear that as it continues to be likely that the greatest operational demands will be made of the Army and some parts of the RAF, the MOD has deliberately taken risk against peacetime levels of some maritime forces. I believe that that is sensible—one has to balance priorities and needs. To mitigate that risk, however, the Navy has introduced a system of reduced support periods for some ships to make sure that those that we are most likely to need are available. Again, that appears to be working well. The Navy is not currently indicating any critical weaknesses and the NAO report shows how readiness might decline if remedial action is not taken. It acknowledges in paragraph 2.11 our decision to put additional funds into the Navy to ensure that the worst-case scenario does not come to pass. Once the problem has been measured, mechanisms are put in place to address it.

On the cannibalisation of equipment, the removal of ship' fitted equipment—STOROB—is not a new concept. It is only used, however, to make high-readiness operational commitments when a donor ship is either reducing in readiness towards upkeep of disposal or is already in upkeep. Sensible STOROB management is an effective way of dealing with the problem. It becomes a matter of concern, however, if we are doing that to such an extent that we cannot deliver the Navy's requirements. Hon. Members have expressed deep concern about cannibalisation, but only

[Mr. Adam Ingram]

4 per cent. of requisition stores preparing ships for putting to sea used that method. It would be great to make it 0 per cent., but it is effective management.

Counter-narcotics is without question a very big issue in Afghanistan. People present the argument that it is a problem, but no one comes up with an answer about how to tackle it or what resources need to be put in place to deal with it. We understand the nature of the country and the people better, but we have only been there a short time. We have clearly identified that the best solution will be achieved through the Afghans themselves, who must take on the challenge as much as us. They must accept that they need to strengthen their resources so that they can deal with the problem specifically and effectively. That is part of the mission in which we are engaged—it is about lifting the capabilities of the Afghan army in the special anti-narcotics force and in the Army as a whole so that it can tackle the problem.

A survey of the 2004 poppy crop in Afghanistan revealed that cultivation had gone up by 64 per cent. and that production had gone up by 17 per cent., which is clearly unwelcome. There are early signs this year, however, that there may be an overall reduction in opium poppy cultivation, but we must wait for assessments later this year from the UN and the US. If people identify the problem, they must suggest mechanisms that we need to put in place to deal with it. We are trying not only to bolster the strength and ability of the Afghan Government to deal with the problem militarily, but to work across the whole civil administration in Afghanistan using measures on law enforcement, alternative livelihoods, criminal justice, eradication, demand reduction and regional co-operation. Narcotics is a big issue, but one that I believe we are beginning to tackle vigorously.

We must always pay close attention to recruitment and retention. Trends happen before we necessarily understand that they are trends, and we are always in the position of having to deal with them in terms of our best understanding of their impact. By the end of financial year 2004–05, the services had achieved 96 per cent. of their overall recruiting target. That is a significant achievement, even though the targets had been reduced because we set them in line with the size that we wanted our armed forces to be. However, we still found it hard to achieve 100 per cent. of that reduced target. Anyone who has seen the energy, effort and intensity of work that the recruiting teams put in will know that that was not for want of trying.

We are up against a range of factors. We have a problem with the gatekeepers. The economy is strong, which makes recruitment in a particular age cohort difficult. All those issues have been addressed by the armed forces and we shall continue to do the best we can on recruitment. If there is a problem of retention, we need to understand why it is happening and what remedial measures can be implemented. If those measures do not work—sometimes they do not—we will have to find other solutions. The process is sophisticated and we are making great efforts to address the problems.

The hon. Member for Berwickshire, Roxburgh and Selkirk mentioned the fleet review last week—a wonderful occasion. He also spoke about HMS Invincible as though something new had happened. In fact, we simply brought forward by a number of months what we were going to do anyway, and those who followed what was happening in relation to the utilisation of our carriers would have known that that was going to happen.

The hon. Gentleman called for a timetable for withdrawal from Iraq; interestingly, he did not call for a timetable for withdrawal from Afghanistan. I question why. If withdrawal is right in principle in one country, it should be right elsewhere. I do not believe that it is right to set a timetable because it simply establishes a target at which those forces that are out to do evil can aim. I do not think that they would sit around and wait for the timetabled withdrawal. Rather, they would escalate their activities to precipitate an earlier withdrawal, causing greater loss of life, not necessarily among coalition forces, but among their own people. That is what is happening in Iraq and in Afghanistan.

The hon. Gentleman also mentioned shortfalls in some of the key enablers—logisticians, intelligence corps and other key personnel. That is one of the reasons why we are restructuring the British Army. We are taking approximately 2,500 posts, redefining them and then reinserting them as key enablers. We recognise where the shortfalls are and we are trying to address the problem as part of the overall reorganisation.

Let me deal briefly with the hon. Member for Bethnal Green and Bow—I just noticed the time. I mentioned the Muslim Council of Britain in my opening remarks because I believe that it speaks for the good, decent Muslim people of this country. I think that the hon. Gentleman is dipping his poisonous tongue in a pool of blood, and I think it is disgraceful.

It being Six o'clock, the debate stood adjourned.

Mr. Galloway: On that point, Madam Deputy Speaker, I wonder if I might answer—

Madam Deputy Speaker: Order.

Mr. Galloway: Further to that point of order, Madam Deputy Speaker. That foul-mouthed, deliberately timed, last-10-second smear by the thug at the Dispatch Box cannot be answered by me—

Madam Deputy Speaker: Order. May I remind all hon. Members—*[Interruption.]* Order. May I remind all hon. Members that good temper and moderation are the hallmarks of language in the Chamber?

Mr. Galloway: On a point of order, Madam Deputy Speaker—

Madam Deputy Speaker: Order. May I ask that, on this day of all days, we bear that in mind?

Mr. Galloway: Further to that point of order, Madam Deputy Speaker. Twice this evening, first from the hon. Member for Hemel Hempstead (Mike Penning) and now from the Minister, you have permitted personal attacks on me that go beyond the norm in parliamentary discourse, as I think the Clerk will advise you. If I may say so, you ought to have intervened to deal with the point made by the hon. Member for Hemel Hempstead, and you ought not to allow—

Madam Deputy Speaker: Order. The hon. Gentleman is challenging my keeping of order in the Chamber. I would ask him and all other hon. Members to think very carefully about their words on this particular day. When I heard anything inappropriate, I did intervene and try to prevent it happening.

EUROPEAN STANDING COMMITTEES (TEMPORARY NOMINATION)

Ordered,

That, if any European Union Documents have been referred to a European Standing Committee which has not yet been nominated for the duration of the Parliament under paragraph (3) of Standing Order No. 119 (European Standing Committees), the Committee of Selection may nominate one or more temporary European Standing Committees to consider one or more of the documents instead; and the remaining provisions of the Standing Order (including sub-paragraphs (a) and (b) of paragraph (3)) shall apply.—*[Claire Ward.]*

ADJOURNMENT

Resolved,

That this House do now adjourn.—*[Claire Ward.]*

Adjourned accordingly at one minute past Six o'clock.

House of Commons

Monday 11 July 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Licensing Act

1. **Stephen Hammond** (Wimbledon) (Con): What recent meetings she has had with representatives from amateur sports clubs regarding the implementation of the Licensing Act 2003. [10510]

The Minister for Sport and Tourism (Mr. Richard Caborn): My right hon. Friend the Secretary of State has had no recent meetings on that subject, but my officials remain in close touch with the Central Council for Physical Recreation about the implementation of the Act. The Government have actively supported community amateur sports clubs through lottery funding and tax benefits over recent years and are taking full account of their concerns.

Stephen Hammond: I represent one of the finest sporting venues and clubs in the country, which will of course be an Olympic venue in 2012, and I congratulate the Minister and the Secretary of State on what they have done to bring the bid to London. However, does the Minister really recognise the impact of the Licensing Act on many of the smaller clubs in my constituency and across the country? Wimbledon cricket club, for instance, pays £16 at present for a 10-year club licence. It is now applying for the necessary club premises licence, which costs £450 for an application, £320 for annual renewal and £300 for the newspaper advertisement—a total of £1,070. Many such smaller clubs in our constituencies are the lifeblood for those who will be the athletes of the 2012 games. Does the Minister recognise that many of them rely on bar profits to survive, and that many of them may not survive?

Mr. Caborn: Very much so. That is why the high-level review will take into account all the discrepancies that may arise. I say "discrepancies" for a simple reason. The hon. Gentleman mentioned a particular club, but the vast majority of sports clubs will fall in a band between about £70 and £100. When the CCPR visited my Department, it cited the Heaton tennis and squash club as one of the clubs to which we should give the facility not to make such payments. It stated:

> "The club has a very active social scene. It is easy to meet new friends. The bar area is the main hub of activity, offering cheap prices and a wide selection of drinks, including regular specialist guest beers."

That is probably a very wealthy club, and it would be wrong to give exemptions to that type of club. However, in the case of a small cricket club, the high-level group would look into the situation. The vast majority of genuine sports clubs will pay between £70 and £100 a year, less than they pay at present for an occasional licence.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I, too, have clubs that face the same problems as Wimbledon cricket club, such as Sheerness golf club and Sheppey rugby club. Has my right hon. Friend considered whether, on Second Reading of the Olympics Bill, we could add a clause to help clubs when they are caught by the Act? They are charged on the basis of rateable values, but not on the lower rateable value.

Mr. Caborn: The calculation is based on the non-domestic rate and turnover. If there is genuine concern among such sports clubs, the high-level group will look into it. That applies not just for sports clubs but for the whole implementation of the Act. We gave the Local Government Association those assurances when we said that we would examine implementation, but there is a major difference for sports clubs that are run both as major social clubs and genuine amateur sports clubs, and we shall have to look into that.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Why are the only people who think that there is no problem whatever in the implementation of the Licensing Act Ministers in the right hon. Gentleman's Department?

Mr. Caborn: I think that that is a bit churlish, to say the least. Under the current licensing system, many amateur sports clubs have to pay a considerable amount for occasional licences, including payments of between £20 and £30 to solicitors to make applications to court. When we have streamlined the system, by bringing six licensing regimes into one, I can assure the hon. Gentleman that sports clubs and all other licensed premises will be far better off and we shall have shifted all the red tape that the Opposition have been asking us to move for years.

Mr. David Drew (Stroud) (Lab/Co-op): Does my right hon. Friend accept that, although it is up to licensed premises to approach local authorities, it would help if local authorities were more proactive? There is still much ignorance among smaller amateur clubs that rely on bar takings about what to do, so it would help if central Government, without instructing local government, could at least put some pressure on local government to take the initiative in explaining what clubs should be doing?

Mr. Caborn: That is a little unfair on local authorities, and I say that from some experience. Last night, I went down to the Sheffield Trades and Labour club, which actually has its licence, and the local authority—Sheffield—assisted it greatly in getting the licence through. The LGA has been very proactive in helping licensees in making their applications. It is wrong to say that local authorities have not been proactive, because they have.

Mrs. Theresa May (Maidenhead) (Con): I am amazed at the complacency of the Minister's response to the question asked by my hon. Friend the Member for Wimbledon (Stephen Hammond), who highlighted in clear focus the problems facing many local sports clubs. The Minister likes to quote the CCPR. Well, the CCPR has urged the Government to

"stop crippling grassroots sport with extra cost and bureaucracy".

We are all excited that the Olympics are coming to the UK, but it is no good destroying the small, voluntary sports clubs that nurture our future Olympic athletes. The Minister has set up the licensing fees review panel, but it will not report until autumn 2006. Will he now bring forward the review, tell it to report by the November deadline this year and agree to backdate any proposed reductions in fees?

Mr. Caborn: On 5 April, there were discussions in my office with my officials and the chair and the chief executive of the CCPR. We asked them to come forward with their problems and give us examples. To date, three months on, not one word has been heard from the CCPR. People cannot start to challenge us unless they have the evidence. We have met the CCPR. The right hon. Lady quotes the CCPR saying that we are crippling amateur sports clubs. We have given the CCPR an opportunity. We have had meetings with the CCPR. We have challenged it to come forward with the evidence. *[Interruption.]* Will the right hon. Lady listen? *[Interruption.]* The right hon. Lady has come to the Dispatch Box and cited the CCPR. I am challenging the CCPR to produce the evidence that it promised my officials three months ago.

2. **Nia Griffith** (Llanelli) (Lab): What steps she is taking to ensure that the implementation of the Licensing Act 2003 will take local concerns into account. [10623]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): Giving local communities real influence was one of the Government's key objectives in introducing a new licensing regime, and that remains so as implementation progresses. Local flexibility is built in to the 2003 Act, allowing decisions to be made that fully reflect local circumstances, including the views of the police and local residents.

Nia Griffith: Although I welcome the Minister's reassurances that local views will be respected in granting licences, what chance will my constituent have of getting licences revoked or limited if they are not working well in practice?

James Purnell: That is one of the key intentions of the 2003 Act. As my hon. Friend knows, it is very difficult to get a problem pub closed down. For the first time, the Act introduces a power for the local community to review a licence and a power to hit problem licensees where it hurts by asking for their licences to be suspended. It will allow us to close down their premises much more easily, to introduce new conditions and to change the management. Most importantly, it introduces a new offence and a fine of up to £20,000.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Is the Minister aware of the grave concerns of my constituents about 24-hour licensing and the consequences that they fear of an increase in binge drinking and antisocial behaviour? That is already a great problem in many of our town centres. Surely, this measure will make it worse.

James Purnell: The hon. Gentleman completely misunderstands the Act. The Opposition have expressed worries about 24-hour drinking. Only one application for 24-hour licensing has been granted so far in the whole country, when 60,000 applications have been made. The Act will be much tougher on antisocial behaviour. The problem at the moment is that magistrates have only one power, which is to close down a pub. We will now have much greater powers. I am sure that some of his constituents are worried about areas where there are already too many pubs and, where there is saturation, local authorities will have the power—again, for the first time—to have a presumption that they will not grant any more applications. This is good legislation: it will promote greater flexibility for consumers and the industry, as well as introducing much greater powers against antisocial behaviour.

Mr. David Clelland (Tyne Bridge) (Lab): The Minister will be aware of much local concern about the possible effects of the Licensing Act on local clubs. I have looked at the membership of the licensing fees review panel, under the excellent chairmanship of my old friend, Sir Les Elton, but I notice that no one on the panel seems to have any expertise in non-profit-making private members' clubs. Will the Minister extend the membership of the panel to include a member of the Committee of Registered Clubs Associations, so that the 5,000 private clubs in this country can be represented?

James Purnell: I would be happy to meet my hon. Friend and, indeed, representatives of the club movement. There are only five people on the panel, so I do not think that it will be possible to extend the membership, but we would be happy to look at any evidence that is presented. When the Act was passed by Parliament, we made a specific exemption for members' clubs, so that they do not need a personal licence holder. If there is evidence to show that we should do anything else to help the club movement, we will do it.

Mr. Peter Ainsworth (East Surrey) (Con): What account is the Minister taking of the local concerns of village hall committees in my constituency? I have so far heard from Felbridge, Godstone, Bletchingley, Warlingham, Hurst Green and Limpsfield village hall

committees, as well as many user groups, including the Royal British Legion, about the impact of the Licensing Act 2003 on their incomes. The Minister wrote to me on 27 June to say that he had received no reports from the police or licensing authorities of anyone trying to abuse the licences that they have at the moment. The legislation seems pointless in connection with village halls and it imposes undue burdens on people who can ill afford them.

James Purnell: We take those concerns seriously. In fact, I am meeting Action with Communities in Rural England, the body that represents village halls, tomorrow and will listen to any evidence that it has. It has asked us to participate with it in an exercise in which it will examine evidence, and if there is evidence of problems, we will act. We hope that the body will report in November. We have exempted village halls from the need to pay for public entertainment licences, but I think that the hon. Gentleman would agree that, where alcohol is served, some licensing regime is needed. However, I emphasise that, if it is shown that any problems exist with village halls, we will act upon that.

Paul Farrelly (Newcastle-under-Lyme) (Lab): It is my pleasure to live just yards away from one of the finest pubs in Staffordshire: "The Gresley Arms" in the village of Alsagers Bank in Newcastle-under-Lyme. Regulars there welcome the Act and the pub experiences no antisocial behaviour. Does my hon. Friend agree that village pubs such as the Gresley should not be criminalised if they want to serve after 11 pm and that the Act—properly policed, of course—should be welcomed by all parties in the House?

James Purnell: I agree with my hon. Friend. There is no reason why the responsible majority should be curfewed and have to stop drinking at 11 pm because of the actions of an irresponsible minority. It is much better to do what the Act does and to bring in specific and much more stringent powers for the people who are causing problems and allow the responsible majority to drink in peace.

Mr. Don Foster (Bath) (LD): In Singapore, I had the opportunity of congratulating the Olympic bid team on its great success. May I take this opportunity, on behalf of all my hon. and right hon. Friends, to reiterate those congratulations?

Turning to licensing, does the Minister accept that one of the last-minute agreements to provide a bulwark for local communities against unwanted late-night drinking was the idea of the special saturation policy? Is he aware that there is such concern about the legal minefield that was created by the guidance on the policy that only a quarter of local councils have taken the opportunity to use it? Will he at least make a commitment today to work with his colleagues in the Home Office to use any legislative opportunity that might avail itself to improve the legal back-up of the policy?

James Purnell: We are working on the Violent Crime Reduction Bill to introduce a range of measures to reinforce the powers to deal with such problems, but I do not think that there is a problem with the framework of the law. We are bringing in a new piece of legislation and devolving power to local authorities, so it is up to them to decide how to implement the law. The hon. Gentleman will recognise it as welcome that, if local authorities are worried about saturation, for the first time, they will be able to turn down applications. Under the current law, they have no opportunity to do so and must grant licences even if there is an excess of booze factories, as they are called, in an area. The Act is a better piece of legislation and when people look at it in one or two years' time, they will probably agree with that.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): In relation to the Licensing Act, when did the Government ever take on board the concerns of local sports clubs, village halls and music groups? Answer: never. Why do the Government seem incapable of implementing anything successfully? The whole farce of the Licensing Act is heading for a total debacle. Is that the fault of Ministers or civil servants? Either way, as a local publican in my constituency said to me recently, they could not organise a proverbial in a brewery.

James Purnell: The hon. Gentleman is on thin ice in saying that the Government cannot implement anything effectively given that we have just delivered the Olympic bid. Perhaps he should have taken a leaf out of the book of the Liberal Democrats, who at least had the good grace to acknowledge that, unlike any member of his Front-Bench team, two of whom have now spoken, but have failed to mention that once.

We made specific concessions for village halls and clubs during the passage of the Licensing Bill. As the hon. Gentleman knows, we made specific concessions on temporary events notices so that the regime would be extended to make it much easier for people to get them. We have listened and we will continue to listen, but when people look back, they will say that it is much better to have a regime that will save the industry £2 billion, that will be more flexible for consumers and that will provide much greater powers to deal with binge drinking. In one or two years' time, I am sure that people will agree that the legislation is much better than the current framework, which was allowed to continue to exist by the Conservatives.

Young People (Summer Activities)

3. **Ms Barbara Keeley** (Worsley) (Lab): What plans her Department has to fund programmes of summer activities for young people in 2005. [10625]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): There will indeed be programmes for young people, focusing on sport, creativity and other activities organised during the summer holidays. They will be funded by Departments across Government and also by the lottery. My Department is working closely with the other Departments. There is evidence to show that, among other things, such programmes have an impact on reducing crime among young people. The issue of young people increasing their opportunities through sport was at the heart of the powerful message that we delivered in support of our Olympic bid in Singapore last week. It was a message that was delivered

with the support of 30 young people from the east end of London of 20 different nationalities, each of them aspiring to be a gold medallist in London in 2012. It is a proud ambition and one that we want to support with everything that we can. I thank right hon. and hon. Members on both sides of the House for their support for our Olympic bid. The cross-party support on which our bid is founded was important in securing success.

Ms Keeley: In Salford on 31 July, our young people will be inspired both by watching the triathlon world cup event at Salford Quays and by taking part in their own activities, which are organised round the main event. Given what my right hon. Friend has just said, does she agree that the 2012 Olympics in London offer not only a marvellous spectacle of sport and athletics for all, but the chance to inspire our young people to become more involved in athletics and sporting activities?

Tessa Jowell: My hon. Friend is right. From memory, the facility to which she refers at Salford Quays was used during the Commonwealth games and is a good example of the legacy use that enables us to continue to host major championships in future. She is also right about our ambition for young people. That ambition is redoubled with the success of our Olympic bid, which is much more than an infrastructure project building new facilities for the east end of London that will serve for decades to come. It has nothing short of the power to transform the ambitions of young people throughout the country.

Sir Paul Beresford (Mole Valley) (Con): I have a faint and distant interest. Two sports—rugby and cricket—are English sports that were invented here. Yet somehow two piffling nations in the south Pacific seem consistently able to beat us. Is it not time that we concentrated on those two competitive sports and funded the young? That is how the Antipodeans consistently win in both sports. Can funding continue and increase in spite of, and perhaps in a way because of, the Olympics?

Tessa Jowell: The hon. Gentleman is right to commiserate, but I take him back less than two years to our success in the Rugby world cup, which inspired young people throughout the country who had never before played rugby to give it a try. We do not pluck young champions or winning teams from the air. That is done over years and years through sustained investment, bringing on talent and removing the obstacles to it. That is what we are doing through the school sport programme and talent identification, and the Olympics is a further opportunity.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): Outside my home in Crosby, there are 100 nude men on the beach, attracting an enormous amount of interest from young and old alike. They are, of course, the magnificent Gormley exhibition, which may attract 1 million visitors to the area this year. Young children have been out there already and the exhibition has become a major interest for art clubs and lovers of art throughout the country. Would my right hon. Friend consider coming to visit Crosby, as we would dearly love to keep those statues there and raise the funds to do so with her assistance?

Tessa Jowell: As an enormous fan of Anthony Gormley's work, I certainly plan to go to Crosby to see the 100 nude men. I have an enduring memory of "Asian Field", one of his great works that was exhibited on the seventh floor of a car park in Chongqing in China. Even in those circumstances, it was an extremely moving piece, so I thank my hon. Friend for her invitation, which I accept.

Mrs. Theresa May (Maidenhead) (Con): I echo the Secretary of State's comments about the importance of winning the Olympic bid in encouraging young people's involvement in sport. I repeat my congratulations to my noble Friend Lord Coe and his bid team on securing the Olympic games for London in 2012. However, when the Government are looking at encouraging young people's involvement in sport, I urge them to remember that it is not just the Olympics but the Paralympics that will come to the United Kingdom. What specific plans do they have to provide extra funding for sports clubs for disabled young people in the run-up to London 2012?

Tessa Jowell: The policy is one of no discrimination between able-bodied and disabled athletes. If the right hon. Lady cares to look the successful athletes supported by the talented athletes scholarship programme she will find that able-bodied and disabled athletes are funded. The position is similar for our 2012 scholarships. At every level, the intention is to ensure that the opportunities available to able-bodied athletes are available through funding to disabled athletes who have the ambition to compete in the Paralympics.

Cultural Participation

4. **Tom Brake** (Carshalton and Wallington) (LD): What assessment her Department has made of whether the Government are on course to achieve their targets on cultural participation and attendance of under-represented groups. [10626]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): The Department has met early its target to increase the number of under-represented visitors to national and regional museums and the historic environment by March 2006. Based on the latest survey information, only one of the six arts attendance and participation targets will be met by March 2006. I have asked Arts Council England to put in place a remedial action plan.

Tom Brake: I thank the Minister for his honest answer. Can he explain why his Department's annual report said that the Government were on course to meet those targets, when in fact the Government have gone backwards on two of four targets, no progress has been made on the third and only limited progress on the fourth? When does he expect to hit those targets and why is Arts Council England, whose salary costs have gone up by 60 per cent. and which is a joint partner in the delivery of the targets, making so little progress?

Mr. Lammy: It is important to remember that we are the first Government to set targets in this area. There has been an increase in the number of people from the poorest socio-economic groups going to our museums. There has been an increase in the number of black and ethnic minority people visiting heritage sites, historic houses and so on and there is increased participation by the poorest groups in our regional museums. I have asked the Arts Council to put in place a plan to ensure that it meets those targets by March 2006, and I will meet it shortly. It is disappointed at progress so far, but it intends to meet those targets.

Keith Vaz (Leicester, East) (Lab): The Minister is right that progress has been made, but the fact remains that the targets are not being met. Will he look at two areas where there could be an increase: first, in representation, with public appointments to encourage more black and ethnic minority people to become involved in the process; and, secondly, the way in which the Arts Council deals with the allocation of funds for ethnic minority groups? I have written to him about the Emmanuel gospel choir in my constituency, and there is a round robin going between his Department and others. Surely, one way in which to increase confidence in the black and ethnic minority community is to ensure that the process is as consumer-friendly as possible.

Mr. Lammy: I know of the excellence of the Emmanuel gospel choir and I am sure that the meetings that I know my hon. Friend is keen to take up with the Arts Council will bear fruit. I remind him that the Arts Council has been able to increase the amount of money given to black and ethnic minority groups to 10 per cent. of the overall spend. We must applaud that recent progress. But my hon. Friend is right. We want to see progress across the board. That is why it is important that the schemes that the Arts Council has put in place, such as the decibel scheme, to get money down to the grass roots and build capacity in our arts organisations, are supported.

National Lottery (Social Exclusion)

5. **Ann McKechin** (Glasgow, North) (Lab): If she will make a statement on the impact of the national lottery on social exclusion. [10627]

The Minister for Sport and Tourism (Mr. Richard Caborn): Lottery distributors take into account the need to reduce economic and social deprivation when making awards. Many lottery-funded projects have helped regenerate inner cities and create employment and, importantly, have strengthened communities.

Ann McKechin: Can my right hon. Friend assure me that projects such as the Realise organisation in my constituency, which tackles the problem of worklessness in our area, particularly the need for basic literacy and numeracy and the needs of people who suffer from addiction, will continue to receive support from the national lottery programme to ensure that areas can be regenerated?

Mr. Caborn: Very much so. Hon. Members should take a leaf out of my hon. Friend's book. She has lobbied hard and been very proactive in getting lottery money into her constituency, and she has instigated a number of events to encourage local organisations to secure funds. That is why her constituency has received over 400 awards—just under £50 million—and I congratulate her on that. On the Big Lottery Fund in particular, the answer is yes. As we have indicated, 60 or 70 per cent. will be going to community groups and charities, so the type of scheme that she describes will continue to get such funding in the future.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Will the Minister consider constituencies such as mine? In the past, when we have asked why we are so massively under-represented in the amount of lottery money we have received, we are told, "Because you are not applying for enough." Will my right hon. Friend re-examine the mechanisms so that constituencies that may not be applying nevertheless get some of the benefits, which they are certainly paying into?

Mr. Caborn: That is a question of administration. My hon. Friend should have a word with our hon. Friend the Member for Glasgow, North (Ann McKechin), who tabled the question. He could learn a lot from her, as she has been extremely active in that regard. Since 1998, we have encouraged more lottery money to be given in much smaller grants—around £5,000—and half of the money that is now dispensed is in such grants. We are therefore hitting many more organisations with lottery money, which has been welcomed. Nearly half the total amount awarded has gone to the 100 most deprived local authorities. We are trying to ensure that it is dispensed equitably, but it is for organisations to apply. We have taken many steps to make that as simple as possible, and the procedure for applying to the Big Lottery Fund will be much simpler than previously.

Licensing Act

6. **Dr. Vincent Cable** (Twickenham) (LD): What recent discussions her Department has had with the Home Office on the impact of the implementation of the Licensing Act 2003 on alcohol-related antisocial behaviour. [10628]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): I had a bilateral meeting with my right hon. Friend the Minister for Policing, Security and Community Safety at the Home Office on 19 May and our two Departments regularly discuss these issues. The Home Office is represented on the high level group that steers the implementation of the Act. Both Departments agree that we should implement the Licensing Act 2003 as a key element of the Government's wider programme for tackling alcohol-related antisocial behaviour.

Dr. Cable: Is the Minister aware of the latest Government figures suggesting that there has been a 150 per cent. increase in alcohol-related attacks on police officers in London over the past three years? What would be the position of a local authority that declined to issue late-night licences until a funding mechanism

has been agreed with nightclub owners and other licensees fully to fund the additional cost of late-night policing?

James Purnell: As the hon. Gentleman knows, those offences happen under the current legislation, which does not have enough powers to deal with problem pubs. As we discussed earlier, there will now be much greater powers. We are also, through the Violent Crime Reduction Bill that is going through this House, bringing in powers to deal with problems that happen outside premises.

In response to the hon. Gentleman's particular question, the current legislation has a presumption against blanket restrictions, but his local authority could use the powers on saturation. I am happy to write to him about that if it would help.

Mr. Kevan Jones (North Durham) (Lab): Does my hon. Friend agree that one of the biggest problems is the sale of alcohol to youngsters, which plagues many council estates and other estates in my constituency? What can he do to ensure that local councils use the powers that the Bill is giving them to restrict sales to minors and to address the fact that it will, for the first time, be illegal for people to purchase alcohol for supply to minors?

James Purnell: My hon. Friend raises a vital point. We have to change the culture whereby it is acceptable for nine, 10 and 11-year-olds to be drunk on a Friday night by ensuring that we crack down on off-licences that are selling to youngsters and stop people buying on their behalf. He will be glad to know that, in response to campaigning from members of this House—he was one of those who participated in that—the fine for selling to under-age drinkers has gone up from £1,000 to £5,000, that there is now a fixed penalty notice scheme for dealing with people who sell to under-age drinkers and, most importantly of all, that under the Violent Crime Reduction Bill there will be a power instantly to close down for 48 hours an off-licence that is doing so. There will be much greater powers, and I commend my hon. Friend and other Members who have campaigned for them.

Hywel Williams (Caernarfon) (PC): What problems does the Minister foresee in implementing the Licensing Act 2003, given the Government's failure to produce the proper forms in Wales and the temptation for some licensees to think even of trading without a licence?

James Purnell: Initial applications under the Act were slow. Between 3 and 5 per cent. had applied in May. That went up to about 10 per cent. in mid-June, it was 25 per cent. last week, and it is now up to 33 per cent. Applications are starting to pick up, although there is still some way to go. I was glad that we recently had a meeting to discuss this. We have made it clear that we have no objection to anyone using Welsh forms or submitting their application in Welsh and I encourage people to use those powers if they want to. As the hon. Gentleman and other Members requested, we will prescribe the use of a Welsh form in future and for anyone who applies after the Act comes into force.

Museums and Galleries

7. **Andrew Gwynne** (Denton and Reddish) (Lab): How many visitors there were to national museums and galleries in the last period for which figures are available; and if she will make a statement. [10629]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): In 2004–05, there were around 36 million visitors to museums and galleries sponsored by my Department. Since the introduction of free admission, the number of visitors has continued to rise.

Andrew Gwynne: Will my hon. Friend comment on the news that, a result of the Government's free admissions policy, the museum of science and industry in Manchester had a record year last year, with almost 500,000 visitors through its doors? That has massively extended access to its valuable collections. Will he extend his congratulations to all involved on that fantastic achievement?

Mr. Lammy: I congratulate Manchester's museum of science and industry on excellent results in getting that number of people to visit it and see the exhibits. We should also recognise that, a few years ago, one of the challenges for museums was to ensure that the poorest socio-economic groups attended our museums. Nationally, the figure has risen by 8 per cent., and I am pleased that it has gone up in Manchester as well.

Mr. Hugo Swire (East Devon) (Con): The staff at our national museums and galleries are clearly doing an excellent job, particularly in the light of recent events. Does the Minister agree that as important as the number of people who come to see our great works of art is the fact that those works of art are free of any stigma? With that in mind, why are the Government still dragging their feet by not introducing legislation to achieve the restitution of Nazi-looted works of art, which they committed to do following the report by the Select Committee on Culture, Media and Sport back in 2000?

Mr. Lammy: It was right to consider the panel's work on such an important issue and we shall present our plans shortly.

Sports Scholarships

9. **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): If she will make a statement on the interaction between the talented athlete scholarship scheme and the 2012 Olympic scholarships. [10631]

The Minister for Sport and Tourism (Mr. Richard Caborn): The talented athlete scholarship scheme—TASS—which was launched last August, provides funding for our talented young athletes in further and higher education and employment. More than 1,100 athletes participated in the first year of the scheme. The 2012 scholarship is one strand of TASS. It was launched this year and is designed to fast-track our most talented young people between the ages of 12 and 18 into the world class performance programme. There are currently 120 people on the 2012 scholarship. There is

already strong evidence to show that TASS is starting to pay dividends. Indeed, our young people are winning medals in international competition.

Mr. Flello: I am grateful to my right hon. Friend for giving details of national achievements and the national picture. As he and other colleagues know, I have been pushing for Staffordshire, and especially Stoke-on-Trent, to benefit from being an Olympic training venue. How will TASS and other such schemes benefit athletes and potential athletes for the Olympics in my area?

Mr. Caborn: I shall be parochial. TASS for 18 to 25-year-olds applies in the west midlands. The right hon. Member for Maidenhead (Mrs. May) asked about Paralympians. The age for the higher level has moved to 35. Fifty-seven TASS bursaries and seven 2012 scholarships are available in the west midlands. In Stoke-on-Trent specifically, four TASS bursaries and two 2012 scholarships are available.

Mr. John Greenway (Ryedale) (Con): Having called almost three years ago for London to make a bid for the 2012 Olympics, I thank the Minister for his work. Everyone else seems to have been mentioned, but not the Minister for Sport and Tourism.

The point of getting the Olympics in London is to inspire young people to participate in sport. Is the right hon. Gentleman satisfied that we have the number of coaches that we need to train our young athletes and young sportsmen? Does he agree that, in the next five to seven years, we have a great opportunity to train more coaches and ensure that they have the right professional qualifications?

Mr. Caborn: Absolutely. The hon. Gentleman knows that we had a taskforce on coaching. When I came into the job four years ago, the position of coaching was deplorable. I am pleased that all the governing bodies have come together and that the coaching taskforce's recommendations have been implemented. We have five levels of coaching certificate, which Sports Coach UK is policing. We will provide 3,000 community coaches—I believe that 300 or 400 are already in place. Coupled with my right hon. Friend the Secretary of State's announcement earlier this year about providing competition managers for each school sports partnership, we are building a sustainable sports infrastructure for this country. It will mean not only many more people playing much more sport but bringing through talent, not in an arbitrary but a managed way, so that potential can be realised, with our athletes standing on the podiums in 2012 in London.

Broadcasting (Regional Accents)

10. **David Taylor** (North-West Leicestershire) (Lab/Co-op): If she will make it her policy to promote regional accents in the broadcast media. [10632]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): The Government are strongly committed to regional broadcasting. Through the Communications Act 2003 and the review of the BBC charter, we will continue to ensure that programmes are made about and in every part of the United Kingdom. We do not have a policy on regional accents, which are a matter for broadcasters, but regional production might be expected to support them indirectly.

David Taylor: The rich variety of British accents and dialects is one of our great cultural assets, which should be preserved and enhanced. Does the Under-Secretary agree that not enough is done to combat the slow socio-linguistic convergence towards effete estuarial English, leading to its dominance in the broadcast media and around the Cabinet table? Is not that the sort of class barrier that inclusive new Labour was set up to break down?

James Purnell: I am not sure whether my accent is estuarial, but my hon. Friend will be glad to know that there is to be more regional production after the charter review and the review of ITV's obligations come into force. It would be very odd indeed if having more programmes made in and about the regions did not support much greater coverage of regional accents. I am sure that my hon. Friend will support that.

Listed Buildings

11. **Tony Baldry** (Banbury) (Con): What discussions she has had with the chief executive of English Heritage on the listing of military installations from the second world war. [10633]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): My right hon. Friend the Secretary of State has had no discussions with the chief executive of English Heritage on this subject.

Tony Baldry: Is the Minister aware that English Heritage wants to list a number of rather battered bunkers at the former United States Air Force base at Upper Heyford in my constituency? That is probably one of the largest brownfield sites in Oxfordshire, and such sites are much needed for redevelopment for housing, including affordable housing. The problem is that there are no cost consequences to English Heritage when it lists buildings such as those, and such proposals will destroy the viability of the Government's policy to build more affordable housing on brownfield sites in the south-east. Will the Minister be very kind and talk to his colleagues in the Office of the Deputy Prime Minister to try to get some joined-up government thinking on this issue?

Mr. Lammy: Yes, of course I will. It is right that Ministers consider these cases carefully and look at all the interests involved, but the hon. Gentleman will also know that the Government intend to undertake a heritage protection review next year, precisely to consider the arrangements that we make for listing buildings and to ensure that those arrangements have the transparency and openness that is appropriate for the 21st century.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Voting Systems (Scotland)

20. **John Robertson** (Glasgow, North-West) (Lab): What discussions the commission has had with the Scottish Executive on the operation of different voting systems in Scotland. [10642]

Peter Viggers (Gosport): The Electoral Commission informs me that it maintains contact with the Scottish Executive on a range of electoral issues, but that it has had no discussions on the specific subject of the operation of the different voting systems in Scotland.

John Robertson: I am somewhat disappointed by the hon. Gentleman's answer, because it is the same answer that I received two years ago, when we were told that no discussions were taking place. Scotland will soon have four different voting systems, and some people regard that as an experiment in terms of what will be done in the rest of the country. I would have hoped that the hon. Gentleman looked at this matter. Will he talk to his colleagues about it, and ask them to examine the voting arrangements for the 2007 elections? Will they set up their review quickly, so that they can understand the problems that we in Scotland face?

Peter Viggers: The Electoral Commission takes the view that systems of voting are a political matter that requires primary legislation of the House. They are therefore a matter for Members of the House rather than for the commission. The commission has not thought it appropriate to decide on the merits or otherwise of particular voting systems.

Electoral Registration

21. **Hugh Bayley** (City of York) (Lab): What assessment the Electoral Commission has made of the resources available to electoral registration officers. [10643]

Peter Viggers: The commission informs me that, in its view, some local authorities devote insufficient resources to electoral services. It has therefore recommended ring-fenced central funding for core electoral services, and the development of national performance standards.

Hugh Bayley: I welcome the hon. Gentleman's reply. In the City of York, the number of registered electors is dropping like a stone, despite unprecedented numbers of new houses being built there. I know, too, that the problem is not confined to York. Will the hon. Gentleman talk to the Electoral Commission about whether further work needs to be done to examine the reasons that the number of registered electors is falling in so many places, and to determine what needs to be done in conjunction with the electoral registration officers to ensure that everyone who has the right to vote has the ability to do so?

Peter Viggers: I can certainly reassure the hon. Gentleman that work is in hand. Several of the commission's research projects have considered the subject of non-registration. In 2003, the commission published research on registration in Northern Ireland, and it is currently undertaking a project specifically to consider registration in Great Britain. The project will also investigate the reasons for non-registration, the impact of rolling registration, and the difference between local administrative practices and the effect that they have on registration rates. The research is due later this year.

Mr. David Heath (Somerton and Frome) (LD): Given that the electoral commissioners identified the widened core tasks of returning officers, including maintaining the rolling register and publicising and ensuring maximum take-up of registration, their recommendation that returning officers should in future be funded directly from the Consolidated Fund through the Electoral Commission bears careful consideration. Does the hon. Gentleman believe that that requires primary legislation, or would the current legislation, which already allows the Electoral Commission to fund training, also allow it to administer the basic costs of returning officers?

Peter Viggers: The Electoral Commission takes the view that several issues need to be dealt with in forthcoming legislation, and looks forward to the Government's response to its representations. One point of significance is that the commission has recommended that the Government clarify the legal position of returning officers in relation to funding publicity to encourage registration and voting. Any outstanding uncertainties should be removed through explicit legislative provision.

Postal Voting

22. **Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): What assessment the Commission has made of the possible use in England and Wales of the Northern Ireland system of proof of identity in postal voting. [10644]

Peter Viggers: The Electoral Commission's recent report, "Securing the Vote", made recommendations to the Government to improve the security of postal voting, but the commission informs me that it has made no specific assessment of applying Northern Ireland systems to Great Britain.

Mr. Clifton-Brown: Does my hon. Friend agree that the integrity of the electoral system, and the prevention of fraud in postal voting, is more important than merely increasing turnout per se? With that in mind, will he ask the Electoral Commission to consider some of the Northern Ireland systems, whereby those who apply must do so in person or have a photograph or photographic document before obtaining a postal vote? Does he agree that that would reduce some fraud?

Peter Viggers: There are significant differences between the voting system in Northern Ireland and in Great Britain, and for that reason the value of read-across is limited. The commission has recommended that date of birth and signature should be collected as a minimum from all electors at the point of registration but recognises that other individual identification details could also be collected, including national insurance numbers. That would be a matter for primary legislation, and the Electoral Commission takes the view that that is primarily a political matter for the House to decide.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Stipends

23. **Chris Bryant** (Rhondda) (Lab): What the average clergy stipend is. [10645]

The Second Church Estates Commissioner (Sir Stuart Bell): The average stipend for incumbents for the year 2004–05 is £18,680. That compares with a recommended national stipend benchmark of £18,480.

Chris Bryant: My hon. Friend will know that part of what determines how much the stipend is in each individual diocese is whether the diocese has historic assets. Some dioceses are much richer than others. Is not it time that there was a bit more redistribution in the Church of England, so that all clergy, wherever they are, have the same stipend, and that we tried to increase it to at least £20,000, which was the aspiration of the Church some four years ago?

Sir Stuart Bell: Clearly, distribution goes to the heart of those on the Labour Benches, and is something that we all support. My hon. Friend is perfectly right that, as the Central Stipends Authority, the Archbishops' Council calculates the stipends, after consultations with the dioceses and the Church Commissioners, and having due regard for the views of the General Synod. Since the Synod is meeting today, I will ensure that his views are winged to it.

Mr. James Gray (North Wiltshire) (Con): Would the hon. Gentleman be kind enough to let us know how much archbishops and bishops are paid, and if it is more than the rate for ordinary clergy, why that should be the case?

Sir Stuart Bell: The terms of that question are somewhat wide, but I would be happy to provide a written answer to the hon. Gentleman. As for central stipends, the Central Stipends Authority produces a full report each year and, for those who are interested, I would be happy to ensure that a copy is placed in the Library.

Tourism (Religious Buildings)

24. **Ben Chapman** (Wirral, South) (Lab): What discussions the Church Commissioners have had with other faiths on encouraging more tourists to visit religious buildings. [10646]

Sir Stuart Bell: The Church Commissioners support the Church Heritage Forum's document "Building Faith in Our Future", which encourages all local and regional authorities to consider with the Churches and faith groups in their area how the economic effects of tourism can best be reflected in mutually supportive practical and financial help.

Ben Chapman: Does my hon. Friend agree that faith tourism is an under-exploited resource in terms of local economic development and in terms of providing resources for the maintenance of church buildings? Does he also agree that all major faiths have buildings and festivals of considerable interest, and that inter-faith tourism not only brings faiths together but increases understanding of different faiths and increases the tourism mass? Will he do all in his power to increase the development of inter-faith tourism, and in particular to consider any sensitivities in relation to awarding lottery moneys to faith groups?

Sir Stuart Bell: I am happy to pass on my hon. Friend's final suggestion about the national lottery, but he will be pleased to know that there are many examples of faith groups working together, one of which is the Liverpool walk of faith. The free guide covers a six-mile walk featuring the city's Anglican and Roman Catholic cathedrals, and the buildings of 10 other faiths and denominations. We like to think of the project as just a beginning of the fulfilling of my hon. Friend's aims.

Investment (Israel)

25. **Michael Gove** (Surrey Heath) (Con): What representations the Church Commissioners have received on their policy on investment in Israel. [10647]

Sir Stuart Bell: I have not had an opportunity before now to welcome the hon. Gentleman to the House. I gladly do so now. [HON. MEMBERS: "Why?"] I am not in the business of responding to sedentary questions.

The commissioners do not have a blanket policy on investment in Israel.

Michael Gove: The hon. Gentleman will be aware that the Anglican Consultative Council recently recommended that the Church disinvest from companies that play a role in safeguarding the security of Israel. Does he agree that it is a great pity that the Church should discriminate against a fellow democracy at this time? Does he also agree that, particularly this week, the Church and many Christians wish to show solidarity and sympathy with another democracy that has been a victim of terrorism and suicide bombings?

Sir Stuart Bell: The Church's ethical investment advisory group receives many representations for and against our various investments, and there have been

calls for a certain disinvestment from particular firms. The advisory group has found that investment in a particular company is not in breach of current policy, and has not recommended disinvestment.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): As one who has long advocated economic sanctions against Israel as the only possible way of making that country's incorrigible Government see sense and treat the Palestinians with any decency, may I, as an objective observer, commend the Anglican Church for substituting for the United Nations, the European Union and others that have not the guts and the good sense to impose such sanctions?

Sir Stuart Bell: I surmise that we are straying somewhat wide of questions to the Second Church Estates Commissioner. I can say, however, that the policy of the Church involves investments in various companies, and the companies to which we have referred are not involved in any export of arms to that area. There is therefore no recommendation for the Church to disinvest.

I repeat what I said earlier: we have no blanket policy on the state of Israel.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Compulsory Voting

26. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What assessment the commission has made of the merits of introducing compulsory voting. [10649]

Peter Viggers (Gosport): The commission has not undertaken a detailed assessment of the merits of introducing compulsory voting in the United Kingdom, but has previously expressed the view that its introduction would not in itself provide a solution to the problem of voter disengagement.

David Taylor: I do not think anyone is suggesting that compulsory voting is a panacea in its own right. The recent reduction in turnouts seems to have been halted at the last general election, but does the hon. Gentleman agree that it might be worth piloting such a system in some areas, or for a certain election, if we are to avoid an outcome that will otherwise be inevitable soon—the number of abstentions exceeding the level of support for the governing party in a general election?

Peter Viggers: The commission is studying the effects of compulsory voting in other countries. Its research will be completed and published in 2006.

Two opinion polls were held recently. In 2003, a MORI poll found that 43 per cent. of people supported making voting compulsory while 48 per cent. opposed it. Another recent survey showed that the main reason why people did not vote was

"You just can't trust politicians to keep their promises."

John Bercow (Buckingham) (Con): May I put it to my hon. Friend that he should underline to the commission that leadership, engagement and inspiration are the ways to increase turnout at elections, and that to introduce compulsory voting would be deeply authoritarian and, frankly, the counsel of despair?

Peter Viggers: The commission does not propose to introduce legislation on that basis, and it will have heard what my hon. Friend has said.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Church Property (Yorkshire)

27. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the property owned by the Church of England in York and North Yorkshire. [10650]

The Second Church Estates Commissioner (Sir Stuart Bell): York and North Yorkshire, like every part of England, has its share of parish churches, churchyards, clergy houses, church halls, schools, land and property held for investment purposes. Sometimes, the legal owner is the local incumbent; in many other cases, it is the diocese.

Miss McIntosh: I am grateful to the hon. Gentleman for that reply. Has the status of some of the property in and around York changed—in other words, has some Church-owned property been sold off?

Sir Stuart Bell: The Synod is sitting this afternoon, but I am not aware of the sale of any particular property in that area.

London Attacks

3.30 pm

The Prime Minister (Mr. Tony Blair): With your permission, Mr. Speaker, I should like to make a statement on last Thursday's terrorist attacks in London.

The number of confirmed dead currently stands at 52; the number still in hospital is 56, some of whom are severely injured. The whole House, I know, will want to state our feelings strongly. We express our revulsion at this murderous carnage of the innocent. We send our deep and abiding sympathy and prayers to the victims and their families. We are united in our determination that our country will not be defeated by such terror, but will defeat it and emerge from this horror with our values, our way of life, our tolerance and respect for others, undiminished. [HON. MEMBERS: "Hear, hear."]

I should also like us to record our heartfelt thanks to, and admiration for, our emergency services. [HON. MEMBERS: "Hear, hear."] Police; those working on our underground, buses and trains; paramedics; doctors and nurses; ambulance staff; firefighters; and the disaster recovery teams: all of them can be truly proud of the part that they played in coming to the aid of London last Thursday, and the part that they continue to play. They are magnificent. As for Londoners themselves, their stoicism, resilience and sheer undaunted spirit were an inspiration and an example. At the moment of terror striking, when the eyes of the world were upon them, they responded, and continue to respond, with a defiance and a strength that are universally admired.

I will now try to give the House as much information as I can; obviously, some of it is already well known. There were four explosions. Three took place on underground trains: one between Aldgate East and Liverpool Street; one between Russell Square and Kings Cross; one in a train at Edgware Road station. All of these took place within 50 seconds of each other, at 8.50 am. The other explosion was on the No. 30 bus at Upper Woburn place, at 9.47 a.m.

The timing of the tube explosions was designed to be at the peak of the rush hour, and thus to cause maximum death and injury. It seems probable that the attack was carried out by Islamist extremist terrorists of the kind who, over recent years, have been responsible for so many innocent deaths in Madrid, Bali, Saudi Arabia, Russia, Kenya, Tanzania, Pakistan, Yemen, Turkey, Egypt, Morocco and of course New York on 11 September, but in many other countries, too.

I cannot give details, for obvious reasons, of the police investigation now under way. I can say that it is among the most vigorous and intensive this country has ever seen. We will pursue those responsible—not just the perpetrators but the planners of this outrage—wherever they are, and we will not rest until they are identified and, as far as is humanly possible, brought to justice.

I should also like to say this about our police and intelligence services. I know of no intelligence specific enough to have allowed them to prevent last Thursday's attacks. By their very nature, people callous enough to kill completely innocent civilians in this way are hard to stop. But our services and police do an heroic job for our country day in day out, and I can say that over the past years, as this particular type of new and awful terrorist threat has grown, they have done their utmost to keep this country and its people safe. As I saw again from the meeting of COBR this morning, their determination to get those responsible is total.

Besides the obvious imperative of tracking down those who carried out these acts of terrorism, our principal concern is the bereaved; the families of the victims. It is the most extraordinarily distressing time for them and all of us feel profoundly for them.

Let me explain what we are trying to do. The majority, though I stress not all, of the victims' families now have a very clear idea that they have lost their loved ones. For many, patterns of life and behaviour are well enough established that the numbers of potential victims can now be brought within reasonable range of the actual victims. Some 74 families now have police family liaison officers with them.

In addition, we have established, with Westminster city council, the police and others, the family assistance centre. This is presently at the Queen Mother sports centre. Tomorrow it will move to a more suitable site at the Royal Horticultural halls in Westminster. I would like to thank the many organisations involved, including the Salvation Army, the Women's Royal Voluntary Service, the Red Cross, Westminster city council and all those counsellors who are helping to staff the centre. In this way we are doing our level best to look after the families. My right hon. Friend the Secretary of State for Culture, Media and Sport has taken charge of this aspect as she has done before.

More difficult is then the process of formal identification. The police are proceeding here with some caution. In previous terrorist attacks of a similar kind in other countries, mistakes have been made, which are incredibly distressing. The effect of a bomb is to make identification sometimes very, very hard and harrowing. There is now a process in place, involving a group chaired by the coroner, which will, in each case, make a definitive pronouncement once the right procedures are gone through. I wish it could be quicker but I think the only wise course is to follow precisely the advice of coroner and police and that is what we will do.

At some time, and in consultation with the families, we will be ready to join in arrangements for a memorial service for the victims. Her Majesty the Queen has kindly said she will attend. Two minutes' silence will be held at noon on Thursday. This will be an opportunity for the nation to unite in remembrance.

There is then the issue of further anti-terrorist legislation. During the passage of the Prevention of Terrorism Act earlier this year we pledged to introduce a further counter-terrorism Bill later in this session. That remains our intention. It will give us an opportunity, in close consultation with the police and the agencies, to see whether there are additional powers that they might need to prevent further attacks.

As to timing, my right hon. Friend the Home Secretary pledged to publish the Bill for pre-legislative scrutiny in the autumn with introduction in spring 2006, so that Parliament had time to digest the report on the operation of control orders, produced by the independent reviewer, Lord Carlile. I do not currently see any reason to depart from that timetable. However, that is subject to an important caveat. If, as the fuller

[The Prime Minister]

picture about these incidents emerges and the investigation proceeds, it becomes clear that there are powers that the police and intelligence agencies need immediately to combat terrorism, it is plainly sensible to reserve the right to return to Parliament with an accelerated timetable.

Finally, I would like to record our deep appreciation of the huge outpouring of international support for London and for Britain over these past days. The G8 leaders demonstrated complete solidarity and also commented, with an awe that gave me a lot of pride in Britain, on the courage of our capital city and its people. The UN Security Council passed a unanimous resolution of condemnation of the terrorists and support for Britain. The International Olympic Committee sent a resolution of support. Messages have been received worldwide. There have been immediate offers of help from all the world's main intelligence agencies and an emergency meeting of the EU Justice and Home Affairs Council will take place later this week.

Mr. Speaker, 7 July will always be remembered as a day of terrible sadness for our country and for London. Yet it is true that, just four days later, London's buses, trains and as much of its underground as possible are back on normal schedules; its businesses, shops and schools are open; its millions of people are coming to work with a steely determination that is genuinely remarkable.

Yesterday we celebrated the heroism of world war two, including the civilian heroes of London's blitz. Today, what a different city London is—a city of many cultures, faiths and races, hardly recognisable from the London of 1945. It is so different and yet, in the face of this attack, there is something wonderfully familiar in the confident spirit that moves throughout the city, enabling it to take the blow but still not flinch from reasserting its will to triumph over adversity. Britain may be different today, but the coming together and the character are still the same.

I say to our Muslim community that people know full well that the overwhelming majority of Muslims stand four square with every other community in Britain. We were proud of your contribution to Britain before last Thursday, and we remain proud of it today. Fanaticism is not a state of religion, but a state of mind. We will work with you to make the moderate and true voice of Islam heard as it should be.

Together, we will ensure that, though terrorists can kill, they will never destroy the way of life that we share and value, which we will defend with such strength of belief and conviction that it will be to us and not to the terrorists that victory will belong.

Mr. Michael Howard (Folkestone and Hythe) (Con): I am grateful to the Prime Minister for giving me advance sight of his statement. I want to begin by paying tribute to him for the calm, resolute and statesmanlike way in which the Government responded to last Thursday's attack on our capital city, on our citizens and on our way of life. The Prime Minister has movingly articulated the profound sorrow that we all feel following this atrocity. On behalf of all my colleagues, I want to join the Prime Minister in extending our deepest sympathy to the families and friends of those who have lost their lives. Nothing will make up for their loss. We share the grief of those who were nearest and dearest to them and we mourn with them. We feel also for those who have been injured and wish them a full and speedy recovery. I welcome what the Prime Minister said about the help given to the families that have been so dreadfully affected.

The faceless killers behind last Thursday's attack brought death and tragedy to many innocent families. They have tried with the fires of hate to destroy the bonds of love. Yet since their attack, we have seen compassion and self-sacrifice prove themselves stronger than fanaticism and evil. The emergency services, the police, the ambulance service, paramedics, firefighters, doctors and nurses, as well as the bus drivers and the tube workers have all shown quite exemplary dedication. They have been joined by many others in the rescue operation. Those people have had to carry out, and are still carrying out, some dreadful work in what are often horrific conditions and they have responded with a professionalism that has won praise the world over.

This single act of evil has inspired numerous acts of private heroism—from the bus drivers who carried on their work on a day of fear and mourning to the charity workers, like the Salvation Army and the others to which the Prime Minister referred, who brought comfort to the grieving and offered a listening ear to the bereaved. Thousands played a notable part in the events of a terrible day. We all have cause to feel pride in the response of our fellow citizens. Any who doubted that, 60 years on, this generation of Britons had retained the resolve to stand united against the threats we face have found their answer.

Although those who perpetrated last Thursday's outrage may think that they succeeded in their aims, they failed to achieve what they would have wanted most. They failed to cause panic in our capital city. Instead, we went about our business, determined to show that we would not be defeated. They failed to undermine the institutions, the democracy and the values of which we are all so justly proud. Instead, our Government, our citizens and our way of life proved once again resilient in the face of evil. And the terrorists failed to divide us, one from another. They failed to incite one group in our national community to blame another. The very society—multifaith and multicultural—that stands as an affront to the warped ideology of the terrorists is a source not of weakness, as they suppose, but of strength. In our great capital city and beyond, the terrorists have united Christians, Muslims, Hindus, Jews, those of all faiths and those of none in our contempt for those who want to destroy that diversity and our democratic and liberal way of life.

It is clear that one of the challenges now will be to achieve the right balance between that liberalism and the security that we all want. The security services in Britain are some of the finest in the world. They are, alas, very experienced in dealing with the threat of terrorism. We know that they have thwarted recent attempts to attack our nation, and we appreciate that it is in the nature of their work that we cannot be aware of all they have done to protect us.

I should like to pay tribute to the Prime Minister and to the Government for all their efforts since 11 September to safeguard this country from terror.

I know how heavy that responsibility is, and I understand the difficulty of the decisions that Ministers must take when they are given information about threats that, by their very nature, cannot be openly broadcast. I assure the Prime Minister that we Conservatives wish to give the Government our full support as they face difficult decisions in future. We wish to play our part by making constructive suggestions that we hope will help establish a durable consensus on the best measures to safeguard us all.

Now is not the time for a discussion on detail. What I do hope, however, is that in the weeks ahead we can all gain from a sober assessment of the systems that we have put in place to deal with the terrorist threat. I have no doubt at all that the Prime Minister wishes to learn all the appropriate lessons that can be learned. We emphatically do not believe that after Thursday's events there is any place for finger pointing or for the allocation of blame. There is only one group of people who should be blamed, and that is the evil terrorists who carried out the deed.

We are all in this together. In due course, I believe that we may be able together to identify even better ways of providing the security our citizens deserve. A limited inquiry could in due course provide a calm and dispassionate forum for learning appropriate ideas, helping to quell unhelpful speculation and equipping us to respond even better in future. Its precise form would, rightly, be a judgment for the Government. We have no preconceived ideas about its timing or composition, and of course we recognise that nothing should be done to distract the police or the security services from the immediate task in hand, which is to bring to justice the perpetrators of last week's atrocity. We wish only to identify how best we can provide our police and our security services with the support they deserve in future.

The eyes of the world were on London last Wednesday for the best of reasons. They were drawn to our capital city again on Thursday by scenes of unimaginable horror. But our citizens and our Government have responded in a way of which we can all be proud. In the days ahead, that spirit of defiance, resolution and determination should not be lost. We owe it to the victims of last Thursday's bombs to remember that terrorists should never profit from their embrace of evil.

The Prime Minister: First, let me thank the right hon. and learned Gentleman very much, not only for his words today, but for demonstrating such unity and dignity in the face of such evil. That is an important message to send out from this country. The fact that he has responded in that way is another reason why we will succeed and the terrorists will fail. I thank him for that most sincerely.

I entirely agree with the points that the right hon. and learned Gentleman made and I just want to make one point. It is important, if we possibly can, that when we come to look at any future legislation, we try to establish it on the basis of a consensus. If it is possible to do that, we should, and I assure him that I will work to see that that is done. It may be easier in these circumstances, with everyone coming together with good will, to ensure that that is done.

I certainly agree that we have to analyse carefully what can be learned from this. There may be ways that that can be done in the future. The priority at the moment, obviously, is not to do anything to distract from the job in hand, but we would be foolish if we were not continually assessing how we can make our provision work better. I think, too, that there are other things that we need to do when we look at co-operation internationally. We will look, together with other countries, at how we can improve that. It was very heartening to see the immediate response of virtually every major intelligence service in the world. They wanted to help and they are now helping. In the wake of something terrible such as these events, there is information that can come to light. There is much that we are doing, both within our intelligence services and in co-operation with others to work on that.

I repeat my thanks to the right hon. and learned Gentleman and to his colleagues, who have behaved so well and demonstrated such necessary unity. It also brings a certain reassurance to our country in difficult times.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): May I associate entirely my right hon. and hon. Friends with the sentiments that we have just heard from both the leader of the Conservative party and the Prime Minister? May I express also our profound sympathies to those who have lost their lives or suffered injury—in many cases, serious injury—and to their families and friends? May I also express the wish that the perpetrators of the mass murder in our capital city a few days ago are hunted down by the relevant authorities and brought to justice, so that an example is shown not just within our own shores, but to the rest of the world, of the efficiency and dependability of the British system of justice in dealing with an outrage such as this?

May I also pay tribute to the emergency services? Last Thursday, as we moved around the capital near some of the problem areas where the bombs went off, many of us were able to see the heroism of all involved, and not just in the immediate response, despite the terrible loss of life that was recorded. Heaven knows how much worse it would have been had the emergency services, on the hour and at the time, not been prepared in many cases—as we know from the horrific accounts that have emerged—to risk their own lives to save other lives.

I also wish to pay tribute to the work of the security services. It is easy—and we all hear it from time to time through the mass media—to criticise the security services. By definition and given the nature of their work, nine times out of 10 we never learn about the success stories. They may come to light, if at all, only years and years after some dreadful event has been successfully thwarted. Opposition party leaders have found it very helpful over the past few days to receive briefings from some of the Prime Minister's senior advisers. We very much appreciate that.

I was glad that the Prime Minister, in his peroration, drew attention to the role of the Muslim community in our country. As he has reflected, last week was one of unbelievable contrasts for London. One of the many aspects that made London such an attractive and successful option for the Olympics—its multi-ethnic, multicultural diversity, which is in the main a cause for celebration not just for our country but worldwide—equally makes it a magnet for people who want to perpetrate wicked deeds. Has the Prime Minister been able to hold any discussions with leaders of the Muslim

[Mr. Charles Kennedy]

community, who are, as he knows, deeply troubled and concerned about a spate of attacks on mosques in various parts of the country over the past few days? Will he again underscore the determination of all of us, as community representatives in the House, to emphasise that the overwhelming majority of those of Muslim faith in Britain completely condemn the people who commit deeds such as those perpetrated on communities in London?

Does the Prime Minister agree that another image from yesterday was most encouraging? We saw our Church leaders standing shoulder to shoulder in Lambeth palace to make the point that, irrespective of faith, all right-thinking people of faith do not countenance in any way the desperate approach of those people, whoever they prove to be, who carry out bombing and terrorism.

Even in these early days after the events, has the Prime Minister received further requests from the Metropolitan police for a strengthening of their numbers, given the sheer volume of assessment and sifting and revisiting of old evidence that they have to carry out? Would the Government look favourably on such a request?

I very much welcome the Prime Minister's comments in reply to the leader of the Conservatives about the need for close consultation with the police and agencies, particularly where further legislation may be involved. Will that close consultation also involve the other political parties? As the Prime Minister knows, we have argued for the introduction of a new offence, acts preparatory to terrorism, and we would feed such suggestions constructively into such discussions.

The Home Secretary will convene an important meeting in Brussels on Wednesday. Can the Prime Minister give a further indication of what the Government may be examining to widen the scope for access to e-mails and the role of the telecommunications agencies in that respect?

A mature parliamentary democracy must react as exactly that in the light of such events. We have heard measured and determined statements from the Government and the Prime Minister over the past few days, and the whole country is grateful for that. As long as the Government continue to adopt that tone and approach, they deserve and will certainly receive wholehearted support.

The Prime Minister: I thank the right hon. Gentleman for his supportive remarks. I will deal briefly with the points he made.

Obviously, I echo the right hon. Gentleman's thanks to the emergency services. I pay tribute to the Mayor of London, Ken Livingstone, and to Westminster city council. They helped enormously both in the arrangements for the emergency services and in dealing with the aftermath of the terrorist attack.

There have been several meetings with leaders of the Muslim community and I am pleased with their response, which was immediate and definitive.

The Metropolitan police will obviously have the resources they need. We shall discuss further legislation across political parties. The Home Secretary will meet his colleagues on Wednesday; there will be an open agenda, but they will obviously discuss how they can best co-operate in defeating terrorism.

Frank Dobson (Holborn and St. Pancras) (Lab): My right hon. Friend will know that two of the bombs exploded in my constituency, and I am sure that he will join me in commending the good sense of the vast majority of local people of all colours, cultures and religions in the area for remaining united in the face of this calamity and in the face of a limited number of evil people who wish to exploit the situation by stirring up religious hatred; but may I, on behalf of my constituents, also raise a deeply felt concern of local people, firefighters and others in the emergency services about the future security around the King's Cross/St. Pancras area? The London fire authority has been planning for some time to withdraw some fire engines from three local fire stations—Euston, Clerkenwell and Islington—on the grounds that

"the current location of appliances does not relate to today's risks".

Thursday clearly demonstrated that they do relate directly to today's risks. Will he join me in saying to the fire authority that there should be no sense of shame or embarrassment in learning from experience and reconsidering that proposal?

The Prime Minister: First, I extend my sympathy to my right hon. Friend's constituents whose lives have been disrupted in this way. I am aware of the issue to do with the local firefighting resources around King's Cross and St. Pancras. I think that the best thing is to say that we will obviously consider any points made, and I will get back to him.

Mr. Mark Field (Cities of London and Westminster) (Con): I thank the Prime Minister for his statement. As the Member of Parliament for the constituency where the other two bombs, sadly, went off, I should also like entirely to endorse the sentiments of the right hon. Member for Holborn and St. Pancras (Frank Dobson). The Prime Minister was absolutely right in every particular, and my right hon. and learned Friend the Leader of the Opposition has made it clear in his measured statement that we feel that this is not the time to rush in any way to judgment. Mindful, though, of the importance of maintaining the generally excellent relations between the different racial, ethnic and faith communities in our cities, I should like to ask the Prime Minister what steps he is taking to ensure that all the UK's Muslim religious and community leaders take the initiative now to prevent any backlash by making public statements in their home towns unequivocally condemning the perpetrators of last Thursday's atrocities.

The Prime Minister: Meetings are taking place between the Home Secretary and the leaders of the community, and other members of the Government are meeting members of the community. Obviously, Downing street has been in contact with them, too. I have to say that there is no difficulty whatever in stating unequivocally that the vast majority of the Muslim community are completely condemnatory of those attacks and regard them as a betrayal of the true faith of

Islam, and I am sure that that is right. Obviously, we will continue to get regular reports on community relations. It is remarkable, although I do not believe that it is surprising, that communities in London have not responded in a way that has divided people; on the contrary, they have been extremely unified in the response that they have made.

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): Does the Prime Minister agree that last week's attacks on our great city of London were an attack on people of all faiths and communities? We stand united against the perpetrators of those evil, barbaric acts of terrorism. Can he assure me that the Government recognise that the overwhelming majority of the Muslims who live in this country are tolerant, law-abiding citizens who respect other religions and do not support terrorism? Can he assure me that the Government will do everything they can to prevent any backlash against Muslims?

The Prime Minister: I can certainly assure my hon. Friend of that, and the whole House will agree with his sentiments, which come particularly strongly from him as, I think, the first Muslim MP in the House. I know that he speaks for the whole Muslim community, apart from a very small number of extremists, in this country.

Rev. Ian Paisley (North Antrim) (DUP): I am sure that the Prime Minister will agree with me that great grief is never great at talking and that it is the silence noted by the tear in the eye, the lump in the throat and the pressure of hand upon hand that speaks volumes. I am sure today that we are proud of our country, in that there has been silence and not shouts. There has been quiet dignity and the strength of determination that a better day is coming for this country when we shall see the scourge of terrorism, from whatever source, cleaned from our ranks and people.

I pay tribute to Her Majesty the Queen. Whatever our views may be, I am sure that there is unity around the monarch at a time like this. I was thrilled to see the crowds that came and said to the terrorists, "We don't care about your threats. We're going to demonstrate where our loyalty lies." That needs to be emphasised.

May I associate myself and my hon. Friends with the words of the Leader of Her Majesty's Opposition to the Prime Minister? We pay tribute to the Prime Minister as well. He had a hard week, flying here, there and everywhere. He had good days, but very grim and sad days, and the whole country can salute him today and thank him for his guidance.

The Prime Minister: I thank the hon. Gentleman very much for those kind words. I echo entirely his sentiments about Her Majesty the Queen. His feeling of solidarity with the victims of terrorism is obviously especially powerful as it comes from him and his colleagues, who lived for so long with the threat of terrorism. I thank him for that very much.

Mr. David Winnick (Walsall, North) (Lab): Is it not of interest that some of the people who blame Government policies for what the murderous psychopaths did last Thursday are, in some instances, the very people who opposed military action in Kosovo to stop the ethnic cleansing of Muslims and, even more so, the liberation of Kuwait, which was 85 per cent. Muslim, from enemy occupation 14 years ago? Is it not rather important that the people to whom I am referring—we know that there are one or two in the House from a speech made last Thursday—should stop making excuses for the mass murderers, whose hatred of humanity is no less than the Nazis'?

The Prime Minister: Obviously I agree with what my hon. Friend says. It is worth pointing out that 11 September happened in 2001—before any of the military action. Many people are killed by the same type of terrorists in Iraq and Afghanistan when they try to exercise their democratic rights there.

Mrs. Jacqui Lait (Beckenham) (Con): The Prime Minister will know that the whole House supports the counselling and support services that have been set up to help the families of the bereaved and the injured. Many of our constituents who work in the emergency and transport services will still be involved in the rescue and many will have complex and long-term reactions to the horror of the occasion. Can he assure me that proper counselling and support services will be available to all those people, whenever they are needed, so that we can ensure that our constituents get the best possible treatment that they need, too?

The Prime Minister: Yes, I can give that assurance. The hon. Lady is absolutely right. That was one of the things that we discussed at our meeting earlier today. It is essential that we keep the support there for as long as the families need it.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I am grateful for the Prime Minister's reassurance that the families' support will continue. May I further ask him to continue supporting and working with bereavement charities such as Cruse, which have played a crucial role after disasters both here and abroad?

The Prime Minister: Yes, I assure my hon. Friend that we will do everything that we can to continue working with the charities that do such an excellent job in that area.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): May I, as a London MP, join my right hon. and learned Friend the Leader of the Opposition in passing compliments to the Prime Minister for his behaviour at the time of the explosion? Had I been in that position, I would have behaved in no other way at all, so I pass him my compliments directly for his behaviour and for uniting us and giving us real focus. May I also join with the hon. Member for Walsall, North (Mr. Winnick), who pointed out that those who have spent the past three days trying to divide us by blaming everyone for the reasons behind this were not only wrong, but shameful? The best answer to them was to be found in constituencies such as mine on Saturday and Sunday. There were wonderful crowds who gathered on Sunday to show the terrorists what they thought of them. They do not care about the terrorists; they care about peace. I and my constituents promise

[Mr. Iain Duncan Smith]

the Prime Minister and the Government that we will do our level best to back him in whatever he does to find these people.

The Prime Minister: I thank the right hon. Gentleman very much indeed for that.

Dr. Tony Wright (Cannock Chase) (Lab): As one of those who opposed the military action in Iraq, may I ask whether my right hon. Friend agrees that those who have been arguing over the past few days that what happened took place only because of that action are talking not only nonsense but dangerous nonsense? We are dealing with a group of Islamo-fascists who are against any form of democratic politics, and on that we should all be united.

The Prime Minister: I entirely agree with my hon. Friend. I thank him for those words.

Mr. Gerald Howarth (Aldershot) (Con): The Prime Minister said earlier that it seems probable that the attack was carried out by Islamist extremist terrorists. He will be aware of the remarks over the weekend by the former Metropolitan Police Commissioner, now Lord Stevens, who suggested that about 3,000 young home-grown people in this country are prepared to undertake the sort of terrorist activity, in the name of religion, that we saw last week. What plans do the Government have to rid this country of some of the extremist clerics who, when they are not fanning the flames of fundamentalism, are preaching sedition throughout this country?

The Prime Minister: We need to look carefully at those who are inciting such hatred in our community. That is something that we should consider over the next few months as we consider what the right response throughout the country to the attack is. As for the numbers of those who are engaged in this type of extremism, it is difficult to judge. I recall that a few months ago when I suggested that there might be several hundred such people that the security services were looking at, there were people rather questioning of that. It is difficult to be accurate. It is difficult as well when those who are engaged in these attacks were born and bred in this country. I chose my words carefully because I think that, until we can provide some more definitive information as to who exactly was behind these attacks and their identity, it is as well to proceed with some caution. At present, I am not in a position to say definitively exactly who they were and whether they were people from this country or from outside.

Mr. John Denham (Southampton, Itchen) (Lab): I endorse everything that my right hon. Friend has said about the position and the views of the Muslim community in this country. The number of those who would actively support or even apologise for the action is tiny, but it is the case that we can never give up on the battle for every heart and mind. In the weeks and months ahead, will my right hon. Friend, working with the leaders of the Muslim community, consider ways in which the Government can give every support to members of that community in every school, every college, every prison and every community, to ensure that there is no young person whose heart and mind we do not aim to win?

The Prime Minister: I think that my right hon. Friend is right. Obviously there is a limit to what we can do by conventional methods of security, although it is absolutely necessary to do everything that we can. As my right hon. Friend says, it is also a battle for hearts and minds. There is no doubt about that. This type of extremism that preys on a warped and perverted view of Islam does not have its roots here but in different parts of the world. None the less, it can spread its hateful doctrines elsewhere. I know that there are many people within the world of Islam who are looking at how moderate, sensible and true Muslims can rise up against this extremism and defeat it. In the end, part of the answer can come only from within.

Mr. Alex Salmond (Banff and Buchan) (SNP): On behalf of the Scottish National party and Plaid Cymru may I offer condolences to the relatives of people who died, who are missing, or who are maimed as the result of Thursday's atrocity? I hope for swift and early justice for the perpetrators, only after which should any operational inquiry take place. I endorse the Prime Minister's remarks about the spirit of Londoners, the courage of the emergency services and the role of the Islamic community in our country. On Saturday, Mr. Berlusconi said:

> "Even intelligence from other countries shows the three Bs—Bush, Berlusconi and Blair—are considered the most exposed to this type of risk."

Has the Italian Prime Minister shared that intelligence information with our Prime Minister?

The Prime Minister: No. The one thing that is obvious from the long list of countries that have been victims of this type of terrorism that I read out is that it does not discriminate greatly between individual items of policy. I am afraid that I must tell the hon. Gentleman that it is a form of terrorism aimed at our way of life, not at any particular Government or policy. If we retreated on one front, they would simply make us retreat on another, so the only way to deal with it is to stand up to it and defeat it.

Jeremy Corbyn (Islington, North) (Lab): Is the Prime Minister aware that it seems that a significant number of people who lost their lives last Thursday came from Islington or worked there, as the tube line runs through the borough, as does the No. 30 bus route? Everyone in the borough condemns what happened. My hon. Friend the Member for Islington, South and Finsbury (Ms Thornberry) and I spent part of the weekend at the Muslim Welfare House in Finsbury Park, where there was complete condemnation of everything that happened, and full support for the police in trying to find the perpetrators of this outrage.

Will my right hon. Friend be cautious about the introduction of further anti-terrorist legislation that might reduce co-operation between the many communities in London and the Metropolitan police, because that co-operation is important in isolating and catching the people who perpetrated carnage on the

streets of London? Does he endorse the points made by the Mayor about the need for understanding the multicultural nature of London's life and, indeed, the multicultural nature of the victims of the terrible atrocity last Thursday?

The Prime Minister: I endorse those comments completely, and I extend my sympathy and condolences to the families of any of my hon. Friend's constituents who may be victims of last Thursday's attacks. In respect of the legislation, it will be much easier if we can achieve some form of consensus. There is a balance to be struck, but it is sometimes difficult to strike it. My own view is that just using the normal processes of law will not be enough. On the other hand, we must be careful in whatever legislation we introduce that we do not traduce the very principles that we seek to uphold. That is the balance that we must try to strike, and I can only say that I will do my best to try to reach as broad a consensus as possible on any legislation that may be needed.

Sir Patrick Cormack (South Staffordshire) (Con): My right hon. and learned Friend the Leader of the Opposition rightly paid tribute to the Prime Minister's quiet and calm leadership, and recognised that the responsibility for legislation must rest with the Government. Nevertheless, the Prime Minister himself has talked about consensus, and did so again just now. Would he build on the consensus of the Lambeth declaration and the consensus exemplified in the House this afternoon by inviting the signatories to the Lambeth declaration, my right hon. Friend the Leader of the Opposition, the leader of the Liberal Democrats and others to Downing street to discuss the next steps?

The Prime Minister: I am certainly happy to consider that, yes.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): My right hon. Friend will know that there is intense speculation in the press that the bomb on the No. 30 bus was triggered by a suicide bomber. Can the Prime Minister clarify that specific point for the House; and does he have any information at this point in time about how the bombs were triggered on the underground?

The Prime Minister: If my hon. Friend will allow me, I think the best thing at the present time is to leave to the police any statements in relation to that. I know they will give as much information as they think is sensible or responsible. It is important that we proceed in giving that information or speculating on it only when they want to do so.

Mr. Quentin Davies (Grantham and Stamford) (Con): The Prime Minister and my right hon. and learned Friend the Leader of the Opposition have spoken movingly in the House this afternoon. I endorse what the hon. Member for North Antrim (Rev. Ian Paisley) said about Her Majesty. It is very good news that the major intelligence services in the world have offered their collaboration. Can we count on a corresponding degree of help from those and other countries in the matter of extradition, if we need it? Is the European common arrest warrant up and running now in the EU, and can it be counted on to work, if required, in the present situation?

The Prime Minister: I am not sure exactly how that will work in the present situation. Perhaps I can correspond with the hon. Gentleman on that. Clearly, we want to make sure that we have the maximum opportunity to co-operate with other European countries. For various reasons to do with legal systems, not with political leadership, that co-operation has not always worked as well it should, including from us to other European countries. We need to consider that carefully, and I am sure the matter will be covered by my right hon. Friend the Home Secretary in his meeting on Wednesday.

Mr. Sadiq Khan (Tooting) (Lab): I stood in the Chamber on Wednesday and said how joyous and proud I was, as a lifelong Londoner, at my city's successful bid to host the Olympics in 2012. Does my right hon. Friend agree that today Londoners and the rest of the UK have even more reason to be proud of Londoners—proud of the way heroic Londoners of all faiths, races and backgrounds, victims, survivors and passers-by, acted on Thursday; proud of the way ordinary courageous Londoners carried on with their business and stopped the criminals disrupting our life; proud of the way our Mayor and emergency services behaved on Thursday and onwards; and finally, proud of the way Londoners have come together to stop any individual or community being the victim of any misconceived backlash or reprisal?

The Prime Minister: I agree entirely with my hon. Friend.

Susan Kramer (Richmond Park) (LD): A few moments ago the Prime Minister gave great and well deserved praise to the emergency services. Does he agree that we also need to recognise the many ordinary staff on the London Underground who are not emergency workers and who, on Thursday last, before the emergency services could come, put themselves directly in danger to give immediate assistance to those who were caught in the carnage, and dealt with horrors that most of us in the Chamber will never see and hope never to see? Will he join me in congratulating London Resilience, which did so much of the planning that meant that the response was so effective and helped to reinforce the calm and composure of Londoners? Will he let the House know that there are books of condolence open at city hall, which many hon. Members and others may wish to sign?

The Prime Minister: The hon. Lady is right. The books of condolence are there, and I hope that as many people as can get to sign them will do so. She is right, too, that the whole staff of the underground and the services—the hospital services and so on—have performed magnificently. I had an opportunity of meeting some of them on Friday, and they were remarkably strong about their experience. It is not just the emergency services that came on the scene—obviously, there are people at hospitals and elsewhere who are having to cope with an extremely difficult

[The Prime Minister]

situation, and of course there are the people still engaged in the forensic work, and a very harrowing and difficult time it must be for them.

Mark Durkan (Foyle) (SDLP): May I join the hon. Member for North Antrim (Rev. Ian Paisley), on behalf of all the people of Northern Ireland, in sharing the sense of hurt and horror at Thursday's events? One does not need to be a Briton or a Londoner to feel the effects and to feel the pain that the people of London felt. One does not need to be a Briton or a Londoner to salute the character and the calibre of the response from the city of London and its public services. I join so many others in the House in paying tribute to the resolve and resilience of the Prime Minister in the face of the threat. Does he agree that it is that blend of sense, strength and sensitivity that he has shown and which has been shown by many Members in the House today that needs to inform what we do in the future? Any decisions that we make and any points that we make, from whatever part of the House, must not give any succour or satisfaction to those who had an agenda on Thursday. They may not have been able to calculate the exact body count that they would get on Thursday, but they calculated that there would be other, wider fallout. No matter what policy differences we have on other issues, it is important that all of us are diligent enough to deny them their agenda.

The Prime Minister: I thank my hon. Friend. He is absolutely right in what he says about the right response to make. Coming from someone in Northern Ireland who has had to live his own politics with the possibility of violence and terrorism against his political party, his words are wise words that we should heed.

G8

4.25 pm

The Prime Minister (Mr. Tony Blair): With your permission, Mr. Speaker, I would like to make a statement on the G8 summit which I chaired at Gleneagles last week.

There were two major issues on the agenda for this summit—Africa and climate change. Those subjects were chosen because they represent huge problems for the world which require concerted action by the international community. Africa is the only continent in the world that, without change, will not meet any of the millennium development goals. Although there are success stories in Africa, 4 million children under five die in Africa every year, 3,000 children a day die from malaria, and 50 million African children do not go to primary school. Life expectancy is plummeting, and by 2010 it will be down to just 27 years in some African countries. So Africa is an immediate moral cause that commands our attention.

Climate change is perhaps the most long-term serious threat to our environment. Already sea ice in the Arctic has shrunk by 1 million sq km, the 10 hottest years on record have all occurred since 1991, and sea levels are rising. Until now, however, the international community has been divided, with no agreement on the nature or urgency of the problem, what to do about it, or how to start a discussion that would involve the United States and key emerging economies such as India and China.

The Commission for Africa, which I established last year, set out a comprehensive plan for dealing with the continent's problems. At Gleneagles, we agreed a doubling of aid for Africa—that is, an extra $25 billion a year by 2010—as part of an overall increase of $50 billion for all developing countries, which will start to flow immediately. That was made possible by a series of new pledges by G8 partners in the weeks before the summit—notably, the European Union's aid increase of an extra $38 billion, the American and Canadian decisions to double aid to Africa, and Japan's pledge, at the summit, of an additional $10 billion over the next five years. That is a mighty achievement, not only for the summit but for the millions of decent people world wide who have campaigned so long and hard on this issue. I should like to thank not only fellow leaders but my right hon. Friend the International Development Secretary and, most particularly, my right hon. Friend the Chancellor for their work in securing this.

In addition, again thanks to the work of my right hon. Friend the Chancellor, we agreed to cancel 100 per cent. of the multilateral debts of the heavily indebted poor countries. That could amount in total to some $55 billion of relief. We also agreed a special package of debt cancellation for Nigeria worth around $17 billion.

The G8 put particular emphasis on health and education in Africa. We agreed free primary education and basic health care for all, and we agreed these specific measures: on HIV/AIDS, to provide as close as possible to universal access to treatment by 2010; on malaria, to reach 85 per cent. of the vulnerable with bed nets and drugs in order to save around 600,000 children's lives a year by 2015; and on polio, the UK has agreed the

funding to eradicate polio this year, and the G8 has agreed to ensure that the programme is fully funded in the years ahead.

However, that help will not make a difference unless we also take action to end conflict and create conditions of stability. That means, above all, supporting the African Union's ability to deploy its forces to prevent and resolve conflict. We confirmed our commitment to train and equip 75,000 troops by 2010, mainly for Africa, including for the 20,000-strong African Union stand-by force.

On trade, we agreed that we should establish a credible end date for agricultural export subsidies. The British Government want the Hong Kong world trade ministerial meeting to agree to an end date of 2010. I believe, on the basis of my discussions last week, that that is possible. We also agreed at Gleneagles concrete measures to build Africa's capacity to trade and recognised poor countries' need to determine their own economic and trade policies.

It was the most detailed and ambitious package for Africa ever agreed by the G8. However, none of it can be implemented or improve the lives of African citizens without significant improvements in standards of governance, transparency and accountability. It is a partnership, not an act of charity. In the end, only Africans can lead and shape Africa. We can help, but every Government in Africa who betrays the principles of good governance betrays Africa. The G8 unanimously deplored recent developments in Zimbabwe. The United Nations Secretary-General told us that his envoy, Anna Tibaijuka, will report back to the UN Security Council in days.

The summit of itself cannot end poverty in Africa but it should mark a turning point. I pay tribute to the organisations around the world whose members care passionately about Africa and who made their voice heard to the G8 leaders in the run-up to Gleneagles. It was a remarkable and brilliantly led campaign by people who have long demonstrated their commitment, and I particularly praise the contribution of Make Poverty History and the organisers of Live 8. Faith groups, schools, businesses and many millions of concerned people attached to no formal organisation made their demands, protested for them reasonably and gave political leaders the support that they needed to turn a campaign into a victory.

In respect of climate change, our discussion included the leaders of China, India, Brazil, South Africa and Mexico. We were able to do four things. First, we agreed that climate change was a problem, with human activity contributing to it. Secondly, we agreed that we had to tackle it with urgency. Thirdly, we agreed that, to do that, we have to slow down, stop and, in time, reverse greenhouse gas emissions. Gleneagles adopted an action plan to exploit cleaner technologies that meet our energy needs and safeguard the climate, including measures to develop technologies such as bioenergy and cleaner coal, to promote energy efficiency and finance investment in clean technologies in emerging economies.

Fourthly, we put in place a new dialogue involving the G8, the emerging economies and the key international institutions. The purpose is to create a pathway to a post-Kyoto agreement, so that when Kyoto expires after 2012, the world can act with unity. The new dialogue between the G8 plus the five and others will have its first meeting in the UK in November.

The G8 also gave its strong support to the middle east peace process and pledged its support for a package of assistance worth up to $3 billion a year for Palestine. We gave warm backing to the mission of Jim Wolfensohn, the Quartet's envoy for disengagement, who reported to us at the summit. I continue to believe that progress in the middle east between Israelis and Palestinians is an enormous part of creating a fairer and more secure world.

Inevitably, some will be disappointed with aspects of the G8 summit. However, on any realistic basis, on the two hardest issues on the international agenda, there was progress, and in the case of Africa, immense progress. We now have to build on that, using our EU presidency, the UN summit in September and the Hong Kong ministerial meeting on trade in December.

Of course, the task is now to implement what has been agreed. However, let us for a moment assume that we can. If we do so, millions of children will not die when otherwise they would have died. Africa will change its destiny from one of decline to advance. The values of democracy, freedom and the rule of law will be strengthened further still. On the environment, if we can implement what is agreed, today's largest economy can achieve agreement with the largest economies of tomorrow to get the framework, technology and policy in place to reverse the threat of global warming.

Such progress, if achieved, would be the most poignant and powerful riposte to the forces of terrorism.

Mr. Michael Howard (Folkestone and Hythe) (Con): This is an afternoon for consensus; we might be in danger of setting an entirely new trend. I congratulate the Prime Minister on what he achieved at the G8 summit. Although it was overshadowed by the atrocity in London, substantial progress was made there. That was in large measure due to the work done by the Prime Minister and others, not only at Gleneagles but in the run-up to the conference.

At Gleneagles, the Prime Minister was fighting for policies and principles that are widely shared across the country. The success of Live 8 and the work of the Make Poverty History campaign have played their part in focusing world attention on these issues, and the Prime Minister's response was entirely appropriate and welcome. Of course international summits, by their very nature, cannot live up to all the hopes invested in them. The Prime Minister has accepted that he did not achieve everything that he wanted to achieve, but the agreements on world poverty and on climate change hold out the prospect of further advances later this year.

We all know what is at stake. In Africa, 8,000 people die every day from HIV/AIDS, while 7,000 die from hunger and 6,000 die from waterborne diseases. These are people who share this planet with us, and we have a moral, as well as a practical, imperative to help them. That is why we welcome the agreements that were reached on aid and on debt relief. We wholeheartedly support the Government's position on both those issues. Will the Prime Minister tell us, however, what proportion of the aid is new money? Will he also say more about the timing of the aid? How much will be delivered immediately and how much in the latter half of the decade? There is also cross-party support for the international finance facility, including the IFF for

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immunisation. The communiqué is very non-committal on that issue, however. Will the Prime Minister tell us what prospects there are for further agreement on that proposal?

I am sure that the Prime Minister would agree that aid and debt relief are only part of the package that will help Africa to secure a permanent escape from poverty. We all recognise the need to make progress in securing free and fair trade. Protectionism by developed countries at the expense of the developing world is immoral and hypocritical, and it must come to an end. The key meeting on that issue will be the World Trade Organisation ministerial meeting in Hong Kong later this year, and one of the key issues at that meeting will be the removal of export subsidies by the developed countries. Progress was made on that issue at Gleneagles, but no date was set. The Prime Minister has set out his objective for Hong Kong. Will he give us a fuller assessment of the likelihood of progress in that regard?

The communiqué made clear the G8's commitment to strengthening the multilateral trading system and improving the participation of developing countries. The Prime Minister will be aware of our proposals for an advocacy fund, which would help developing countries to make the most of the opportunities that will be made available to them in Hong Kong. Even if the Prime Minister does not accept that specific proposal, will he assure me that he will examine additional alternative means of achieving that goal?

We welcome the fact that the G8 deplores recent developments in Zimbabwe. Will the Prime Minister tell the House what discussions he had with President Mbeki, who is in a better position than anyone to take action to bring to an end the suffering in that troubled land?

On climate change, as on world poverty, we support the Government's overall approach. I recognise that it took political courage to put climate change on the agenda at a G8 summit, given the lack of consensus on how to proceed. The Prime Minister has made progress, but not as much as we all would have liked. The challenge at Gleneagles was not necessarily to agree on a series of new targets there and then, but to provide the impetus for an agreement of that kind that would bind in the United States, China and India as well as the Kyoto signatories. How do the Government intend to achieve that through the dialogue that will now take such matters forward? Will the Prime Minister tell us which other interested countries will be invited to join that dialogue, and when in the second half of the year he proposes to hold meetings to make progress on that agenda? Can he also clarify the purpose of the United Kingdom's international conference in November? Does he envisage that that meeting will lead to binding commitments on the participants, particularly with regard to the plan of action?

We welcome the communiqué's emphasis on the need to invest in and share clean energy technologies. Does the plan of action guarantee new funding for the development of such technologies? If not, can the Prime Minister give us his assessment of the prospects for securing such funding during the remainder of Britain's G8 presidency?

Climate change is undoubtedly one of the most important challenges facing the world today, and it is essential that it does not drop down the agenda for the remainder of this year and beyond. With Britain having secured a lasting legacy from its G8 presidency on aid and debt, is not it essential that we work to secure a lasting legacy on trade and climate change, too?

The test of the G8 was to provide an impetus that would increase the prospects of a successful outcome in both Montreal and Hong Kong. Last week's summit has certainly moved us in the right direction, but does the Prime Minister agree that the real test of success will come in Hong Kong and Montreal?

The Prime Minister: Again, let me thank the right hon. and learned Gentleman for his broad agreement with what we have tried to achieve and what we did achieve at the G8. This has been a day for consensus, but I am sure that we can find many areas on which to disagree if we think hard enough in the time to come.

On aid and debt relief, in respect of the new money aspect, I am somewhat puzzled by some of the people who have been claiming that it is all recycled money. It is absolutely clear to me that the EU commitment is additional, the Japanese commitment is definitely additional, and as far as I am aware, Canada and the US are agreeing to double their aid from their present position. Although people keep saying that there is an issue about whether it is new money, it seems to me certainly true that it is, at least the vast bulk of it.

In respect of timing, the aid and debt relief can start to flow straightaway—and should do so. Some aspects, such as the international finance facility, will take some time to establish, although in respect of the immunisation programme, for example, people are making a start now on financing in an innovative way. We can therefore start to see the benefits soon, and as the right hon. and learned Gentleman rightly says, it is absolutely urgent.

In respect of trade, I would like the 2010 date to be reached in Hong Kong in December. Whether we can do so, I do not know. President Bush indicated that he would support 2010. I understand and accept that some people felt it was important that whatever dates were given were given in the context of the trade round and that we should not try to overlay a G8 process on a WTO process. I understand that, but it should not prevent us from having a forward position, which is absolutely necessary for the poorest countries. In the communiqué, we specifically indicated the importance of building the trade capacity of those countries, which in a sense is the same idea as is behind the advocacy fund.

I totally agree with what the right hon. and learned Gentleman says about Zimbabwe. Obviously, I discussed the matter with President Mbeki and Kofi Annan. There will be an opportunity when the report from the United Nations envoy is received by the UN Security Council.

Let me be clear about what the problem always is in dealing with Zimbabwe. Although there is no dispute, in any quarter of the House, about the abhorrence that we feel for what is happening in Zimbabwe, once one gets past the expression of abhorrence, the question is: what do we do? The truth is that it is clear that the matter is

best dealt with through the United Nations and through putting pressure on those countries in the immediate vicinity. We will continue to do that in any way that we can, and to get anything else that we can in terms of EU or UN measures or sanctions. The only way that the situation in Zimbabwe will come to an end, however, is through concerted international action, particularly from those countries neighbouring Zimbabwe. I confess that, although I suppose I understand what causes the reluctance, I cannot really excuse it, and I cannot understand why it should continue, given the evidence of what has happened to what is, after all, potentially a wealthy country. That is the terrible tragedy. I think that we are agreed on that.

I thank the right hon. and learned Gentleman for what he said about climate change. He is absolutely right. Part of the trouble is that people will say we have not achieved what we never set out to achieve. There was no way in which we could negotiate new climate change agreements or targets here. We need to peel away some of the rhetoric on climate change. Let us be clear: there is no way in which climate change will ever be dealt with without agreement between the United States, China and India—and the European Union, obviously. Without those three countries it will not happen. In the years ahead, the huge consumers of energy will be China and India, and they are willing to join a dialogue, and so is America.

People claim that it is wrong to say that technology is the answer. It is wrong to say that technology can do what is necessary by itself, but it is not wrong to say that technology is the essential part of the process. We need to develop a framework of incentives that allows the technologies to be developed. I hope that, through the dialogue, we will secure a report on the action plan from Gleneagles—that is obviously important—as well as exchanges of information leading eventually, I hope, to an agreement on technology transfer between the United States, the other wealthy countries, and China and India. China is building power stations at the rate of—I do not know—[HON. MEMBERS: "One a week."] One a week. People can say what they like about the United States of America, but unless we can achieve a clean development of that technology it will not really make a difference.

Russia has agreed to put the issue on the agenda for next year, but Japan has agreed to make it one of the centrepieces of its G8 summit in 2008. We need to develop the dialogue so that—this is crucial—when the Kyoto target period ends in 2012, the world is in agreement again, with radical measures that can be implemented to reduce greenhouse gas emissions significantly.

As for the funding of technologies, again I agree, but it is worth pointing out that the United States of America invests more in clean technology research and development than all the other countries in the world put together. We need to do more, but it is worth pointing that out.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): The Prime Minister is undoubtedly to be congratulated on what was, for the best and happiest of reasons as well as for the most dreadful, an extraordinary week. It was a considerable achievement to produce a coherent communiqué from the G8 members, given everything else that properly demanded his attention and presence.

It has been said by many, but cannot be said often enough, that the approach of those making perfectly legitimate points about the G8—the Make Poverty History campaigners and those involved in Live 8 as well as the leaders themselves—was in such moral contrast to the scenes that we witnessed in London that it will stand the test of history. It will be seen as the way in which to go about things, both by decision-makers and by citizens around the globe seeking, properly and legitimately, to influence those decision-makers.

Does the Prime Minister accept that the agreements reached by the G8 countries at Gleneagles will be judged not on the basis of promises made, but on the basis of the promises that are fulfilled in the months and years to come? The Prime Minister is absolutely right to say in the context of Africa—and we have supported him throughout—that many of the initiatives rely heavily on the willingness of African leaders to root out corruption and improve governance on their own continent and in their own countries. That is, of course, vital. As the G8 rolls on year after year, however, it is also important for us to have mechanisms ensuring that all its members fulfil the pledges into which they so willingly enter in a rather public way, as they did at the end of the Gleneagles summit by putting their signatures on the documents in front of the cameras.

The Prime Minister said a few moments ago that, so far as EU finances were concerned, British contributions definitely constituted new additional money, but perhaps he could be a bit more specific about the UK context. Will any new funds for the commitments given be drawn from the Department for International Development's existing budget, or will all such funds be supplementary to it? As the Prime Minister knows, this remains an abiding source of interest and legitimate concern to many of those who follow DFID's work in detail.

I also welcome the $3 billion-worth of aid pledged to the Palestinian Authority. That far-sighted move is good news that surely must command not only cross-party support in our country, but broad international support. Were any conditions placed on this aid package so far as the Palestinian Authority are concerned, and was it possible—either formally or in the margins of the G8—to discuss advancing the road map and the way forward?

On trade and the elimination of subsidies, how does the Prime Minister intend to progress that part of the agenda? Can he explain the disjunction between the agreement—entered into in principle at Gleneagles—to attack agricultural subsidies in the west, and the parallel universe of the simultaneous lack of progress in the WTO trade talks, which are under way in Geneva? The Prime Minister will accept that that disjunction presents a real difficulty.

Finally, it is significant—indeed, it reflects the balance of the package that emerged from Gleneagles—that the section of the Prime Minister's statement devoted to the all-important issue of climate change was significantly shorter than the sections devoted to other headline matters discussed at the G8. Does he agree—he has more than alluded to this point this afternoon—that the

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Gleneagles agreements on climate change, in so far as they exist, constitute little more than treading water, and that we will not achieve real success until we have a concrete, target-based, country-based successor to the Kyoto process? He spoke of a pathway and the leader of the Conservatives spoke of impetus and dialogue—the other buzzwords of communiqués and statements during, and concerning, the summit. Were any specific steps actually agreed at Gleneagles to reduce emissions, because that is the bottom line?

Earlier in the year, the Prime Minister set out three tests for the success of his G8 presidency—and fairly so—in addressing climate change: agreement on the basic science; agreement on the process to speed up provision of the technology necessary to meet the threat; and engagement with other countries with growing energy needs, China and India being the most obvious and notable examples. He has mentioned this issue already, but now that he has got through this amazing week, culminating in the summit's conclusion, it would be interesting to hear the answer to the following question, which I ask in no sense pejoratively. Following Gleneagles and thus far into his presidency, to what extent has he been able to meet the objective tests that he set himself, and does he agree that there is much further to go on climate change? As long as he keeps pressing that case, he deserves practical and political support.

The Prime Minister: First, the right hon. Gentleman is right: the promises have got to be fulfilled. On the other hand, there is evidence that such measures are already working. For example, several hundred thousand people are getting relief from HIV/AIDS through the drugs currently going in. Such things can be done, that is for sure. There are countries that, as a result of debt relief, have been able to put their children into primary school education for the first time. Also represented at Gleneagles were the United Nations, the World Bank, the International Monetary Fund and the African Union, so there will be a lot of follow through. September's UN millennium summit will also focus greatly on these issues.

On the new money, so far as we are concerned, the budget for the Department for International Development is rising. We are putting it up every year—it has risen dramatically—and there is the international finance facility as well. For obvious reasons, because of what happened on Thursday, the announcement by Japan's Prime Minister Koizumi of $10 billion extra over the next five years is significant and would not have happened but for the focus of the G8 at that moment. I am not saying that it would not have been done later, but it was significant that it came then.

I agree with the right hon. Gentleman on the Palestinian Authority. Disengagement will be very difficult for Israel, but it is important that there is support for the Palestinian Authority so that it can begin the basic structures of statehood after disengagement. We can then take that further, something I am sure President Bush is determined to do. We discussed the issue at length at Gleneagles.

On trade, I have given the date of 2010. The right hon. Gentleman said that there was a difference between what happened at Gleneagles and what is happening with the WTO, but that is not entirely fair. It is important to realise that what is holding up the WTO is not simply agricultural subsidies—on the contrary, we think that we can get agreement on those—and not simply G8 countries. It is important that we make sure that other countries recognise that they have a responsibility for this, not simply the G8. The head of the WTO was at Gleneagles and briefed us on the obstacles, which were not primarily G8 countries. It is important, of course, that we make a difference.

On climate change, the right hon. Gentleman was wrong to say that we were simply treading water. I am not overselling this, but the position of the international community was that there was no agreement on the science, no agreement on the need to take action to cut greenhouse gas emissions, no agreement that we needed to act with urgency and no agreement on a process for going forward. The international community was, I am afraid, sundered on this issue.

It is true that we have not made a new agreement—the G8 was never going to be able to do that—but we should refer to the three things to which the right hon. Gentleman alluded. We have no agreement on the basic science, but there is agreement for the first time that climate change is a reason for tackling the issue, as well as energy security and supply. There has been some coming together on that.

The right hon. Gentleman asked about action, and there is a plan of action, with measures concerning industry and energy efficiency. That is precisely the action to speed up the technology. Most important, there is an agreement on process. Let us be clear; there is a weakness with Kyoto. We support Kyoto and will meet our Kyoto targets; I am not sure how many other countries will. But the basic issue is the concern that as China, in particular, and India emerge strongly as economies, they will be competing with us economically. We must make sure that we bind them into the process, and they have agreed to be bound in.

Part of America's concern—we accept that there have been disagreements over Kyoto and over the science—is that other countries who have been happy to hide behind America in these matters should now share in the process. As those economies emerge and become immensely strong and powerful, there must be some common sharing of the problem. We are prepared to share the technology, which was one of the important things to come out of Gleneagles. But a situation in which there were tough targets for the developed world and no obligations on the developing world would be difficult to sell to our own people here. That is why I say that this is a pathway to a fresh agreement after Kyoto that will take us further than the right hon. Gentleman thought.

Mr. Robin Cook (Livingston) (Lab): May I congratulate my right hon. Friend on achieving a greater sense of purpose at this G8 summit than at any previous one that I can recall? Whatever criticism is now being made of the aid and debt package, is not the outcome a far better deal than anyone could have dared hope for only six months ago?

On the issue of follow-through, Russia takes over the presidency next year and may not have our long experience and ties with Africa. Will my right

hon. Friend consider what structures we could create within the G8 to maintain the momentum that he has started and to ensure that future summits review progress and commitments that will necessarily take some years to fulfil?

The Prime Minister: I thank my right hon. Friend for his supportive statements. Yes, we certainly should consider what follow-up mechanisms are necessary. On climate change, it is clear that we will follow up, particularly given that the problem has been identified for the Japan summit of 2008. However, in co-operation with the UN, we must ensure that we also follow up in respect of Africa. If we reach this time next year and find that some of these great policies have not been pushed through, there will, quite rightly, be a great deal of cynicism. We must make sure that we push the policies forward.

Tony Baldry (Banbury) (Con): On trade, President Bush has made it clear that he is prepared to reduce agricultural subsidies if the European Union also does so. What does the Prime Minister think about the French position on this matter? If the EU negotiates as one in respect of the WTO, we may move forward only at the slowest pace, so has the Prime Minister been able to make any progress with respect to the French position on this matter?

The Prime Minister: We have agreed that we will set a credible end date. That includes the European Union position, which includes the French position. We have not actually set the date, but it has been agreed that such a date will be set and that substantial progress on this matter will have to be made at the Hong Kong ministerial meeting. I cannot be absolutely certain, but my sense is that we are on track to reach an agreement in 2010. The French position, to be fair, is that they are prepared to act if other countries are also prepared to act on their subsidies.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): On aid and debt relief, the G8 summit was clearly an enormous success, for which my right hon. Friends the Prime Minister and the Chancellor both deserve huge credit. However, if we are to assist African development, is it not right for us to cancel debt unconditionally, rather than make it conditional on forcing some of the world's very poorest countries to open up their markets when, before they are able to build up their own industries, they are not remotely in a position to face the full force of international economic competition?

If President Bush is still unwilling to take any serious meaningful action to combat climate change, should we not be doing far more to reach out to the large, growing and influential group of US political and industrial leaders who are prepared to tackle the problem? For example, there is the Republican governor of California, the Republican mayor of New York, the chief executive of General Electric and the mayors, I believe, of about 140 cities across the US—all of whom have voluntarily decided to enforce carbon emission reductions within their own jurisdictions.

The Prime Minister: I thank my right hon. Friend for his words. On trade, we are very clear in the communiqué that the opening of markets should be viewed from the point of view of the developing world as a process in which developing countries need to have the capacity to trade effectively. Free trade is in their interests in the end, but if it were to happen overnight without a proper process for those countries to engage in and to construct that necessary capacity, it would be difficult for them. That is one of the reasons why we have increased aid—in order to allow them to try to achieve that. We also made the point that it is necessary for many of the African countries to try to break down the barriers of trade between themselves, as there are still major tariff barriers within Africa as well. We have taken my right hon. Friend's point well on board.

As to climate change, the climate group that we have established does precisely what my right hon. Friend mentioned. It involves the state of California, businesses and other countries that share our perspective. In the end, it depends on what people want. I think that, if there is a willingness—and I think that there is—for the Administration to engage on this issue, we might as well engage them and see where we get to. We can pursue the other dimensions with the states, business and industry at the same time. It is important to remember, as I often say, that the Kyoto treaty was, unfortunately but truly, rejected by 100 to nothing in the US Senate under the previous American President. Sometimes people see the US Administration as the only issue in respect of this matter, but I think that it is possible to move the debate forward and our engagement with other groups and people in America is an important part of that.

Rev. Ian Paisley (North Antrim) (DUP): The House has received this report with gratitude, because, after all the negative statements that were made, it is nice to know that positive steps are being taken on health and on poverty issues, especially in Africa. I put the question, however, of agricultural export subsidies. The Prime Minister needs to know that the farming community in Northern Ireland is an essential part of our economy. That community has had no real standard of farm income for a long time, and there is considerable worry in the hearts of those men that maybe this year, or perhaps 2010, will be their last. Will they be consulted and will they know what steps are being taken and what the future holds?

The Prime Minister: This is obviously important. We need the farming community to be strong, and as the hon. Gentleman rightly says there is concern in Northern Ireland and elsewhere when people talk about phasing out subsidies. We have time to gear up for this, however, and it is important that we are in full consultation with the farming community about any decision that can be reached. I would say, too, that we can sometimes exaggerate the significance for the poorest countries, particularly in Africa, of the barriers we presently have on trade.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I applaud the $3 billion dollar package for the Palestinian Authority and my right hon. Friend's key role in helping to bring that about. Does he agree that, even so, hundreds of thousands of Palestinians will continue to live in poverty, deprivation and unemployment of third-world standards unless and until they can live in a free,

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independent and internationally recognised Palestine, and that pursuit of the road map is the key to achieving that?

The Prime Minister: I agree entirely with my right hon. Friend. It is important that disengagement and the support for the Palestinians is the first step towards a final negotiated settlement and not seen as an end in itself.

Mr. Gary Streeter (South-West Devon) (Con): I warmly welcome the extra money for Africa and agree with the Prime Minister that that must go hand in hand with improving governance in many African countries. Did he discuss with his G8 colleagues whether we in the west can do any more to underpin good governance in African countries by supporting democracy, the rule of law and the general thrust towards freedom? Is there room, perhaps, for an initiative along the lines of the one that America introduced in relation to the middle east?

May I also thank the Prime Minister very much indeed for his leadership over the last few days?

The Prime Minister: I thank the hon. Gentleman.

We can provide help for democracy but should also make the important point to African countries, which I think a new generation of African leaders increasingly understands, that we could put all the aid in the world into Africa and it would make no difference unless it went into countries that had at least the beginnings of a proper judicial system, a proper commercial system, a proper fiscal system—

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Property rights.

The Prime Minister: With property rights, and so on. That is very important. The lessons of what countries need to do to attract the right levels of private sector investment and so on are not hard to describe, even if it can be difficult to do. We can show how good governance has its own financial reward; without a shadow of a doubt, that is true. The other thing we can do, which we are working on with business, is the so-called extractive industries transparency initiative, which is to make sure that companies that pay money are open and transparent about the money so that we can root out the corruption that has bedevilled Africa for so long and that is so deeply unfair to its people. If we started to get the right systems of governance in place, the other thing that would happen is that the younger generation of highly talented Africans would want to stay to engage in the politics of their own country, which is tremendously important. Far too often, they have seen no future in that, and although international institutions benefit enormously from them, it would be better for their own countries if they were there.

Clive Efford (Eltham) (Lab): Does my right hon. Friend agree that, in terms of the agenda for the G8, the genie is out of the bottle in a way that it has never been before? Over the past few weeks, I have visited Willowdene and St. Thomas More primary schools, where the children have demanded education for children in the developing world, and St. Thomas More secondary school, which is setting up its own fair trade canteen that will sell only fair trade goods. That is a sustainable development that will help future generations to understand the agenda of the G8 and what needs to be done. Does my right hon. Friend agree that such initiatives place an obligation on the people who are charged with delivering the communiqués from the G8 and future summits to make the difference that people want?

The Prime Minister: My hon. Friend is right. It is inspiring to see how many schools have taken the issues up. Obviously people were watching Live 8 in large numbers because of the strength of the show, but it was clearly also a demonstration of support for certain ideals. I know, from the massive correspondence with schools up and down the country and in different parts of the world, that something has been generated that is very positive for the future.

Mr. David Curry (Skipton and Ripon) (Con): The Prime Minister wanted to get an end date for agricultural subsidies into the communiqué, but he was not able to do so. Does he now accept that the best way forward for agricultural change is through the WTO, or does he still intend to press for reform of the CAP during the British presidency? Is he aware that the New Zealand rapporteur of the agricultural text for the WTO has reported in the past few days how difficult it is to make progress? What can be done to keep people to that task and that deadline?

The Prime Minister: I would have preferred the date to be in the communiqué, although—to be fair—I understand why other countries said that that was not appropriate, that the WTO was the right place for that and that it should happen in Hong Kong. Well, let us ensure that it does happen there. As for the CAP, over the longer term, it is important that we move the European budget away from the irrational amount of support for agriculture. It is important also to realise that the difficulties that have been mentioned over the past few days are not simply in respect of Europe, nor in respect of Europe and America.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): May I congratulate my right hon. Friends the Prime Minister and the Chancellor on the work that they have done, especially on Africa and trade? Will my right hon. Friend say more about the international financing arrangement? Is it intended that the promises that have been given for the future will be achieved more quickly through that arrangement? The international financing arrangement should mean that a uniformity of resource is available to bring about the changes my right hon. Friend intends much more quickly. Finally, can my right hon. Friend say whether the issue of the UN environmental programme was discussed, or is that an issue for the WTO agenda?

The Prime Minister: On the last point—

Mr. Clapham: In relation to asbestos.

The Prime Minister: Yes, I think that will be a UN process.

My hon. Friend is right about the international finance facility. The purpose is to try to get aid moving more quickly. We will soon be able to finance the immunisation programme in that way, and that will be a huge advantage for many people in Africa.

Mr. Peter Ainsworth (East Surrey) (Con): The Prime Minister is to be warmly congratulated on having the courage to put climate change among his key issues. Nobody ever said that tackling climate change internationally would be an easy job, and I also understand that the key final negotiations took place on a particularly difficult day. However, it is impossible to escape the conclusion that the result of the climate change negotiations is a bitter disappointment. Does the Prime Minister accept that, if we are to tackle climate change, we need an international coalition of the willing, and that, if the United States is not prepared to be willing, he may need to take a lead by building a consensus with other countries that are prepared to get on board? I am thinking in particular of India, China, Brazil and other emerging economies. Are there any circumstances in which he would envisage taking matters forward, perhaps on a temporary basis, without the United States?

The Prime Minister: It is a bitter disappointment only if people had an unreasonable expectation of what we could do at Gleneagles. The problem that I am focusing on is this: it is all very well for people to say, "What if America is not prepared to be part of the agreement?", but if America is not prepared to be part of an agreement post-Kyoto, China and India will be reluctant to enter consensus with others, except the type of consensus reached at Kyoto, which does not put strong obligations on powerful emerging economies. I regret to say that in my view there is no alternative to America and the major emerging economies being part of the consensus.

What America is prepared to do is to act with others on the issue and it is prepared to recognise that such action needs to be urgent. As was said a moment or two ago, there is also gathering support in America for such an idea, which will impose its own pressures on the political system. Whether America is prepared to go further and agree a framework of targets for reducing greenhouse gas emissions is something we need to work on through the dialogue that we have set up. To do it in the way that I described is the right way. Although Kyoto was a remarkable achievement, part of the problem is that it is difficult for more than 100 countries to try to negotiate an international agreement. The truth is that 70 per cent. of the emissions come from the eight plus five countries. The sensible thing is to find a pathway to a new agreement and that is the biggest ambition that we could have at this stage. We have come from a situation where people did not even talk about the issue, never mind about resolving it, to an occasion where they are doing that, with at least some common principles of understanding about its urgency and importance.

Mark Durkan (Foyle) (SDLP): The Prime Minister indicated that he sometimes wonders where questions about whether figures are being recycled and whether debt relief comes out of aid budgets come from. I reassure him that, although such questions may be asked often, they are not being asked against him. They arise not from unworthy cynicism but from a healthy scepticism that has, unfortunately, been born of much past experience of targets set and of commitments and promises made but not fulfilled. That is why people want to know what is happening, not just for themselves as interested citizens, but because they want to stand by our pledge to fellow world citizens in Africa.

I join other Members in applauding all the efforts of the Prime Minister, the Chancellor and the Secretary of State for International Development in taking the issue forward. Will the Prime Minister assure us that his statement and the communiqué on Friday are merely punctuation marks in a story that will continue? Indeed, he has indicated that he will be taking the cause further during the EU presidency and in the trade round.

In the context of the request of the Leader of the Opposition that the Prime Minister examine alternatives to the advocacy fund, will the Prime Minister consider whether, in the build-up to the trade round, we could try to engineer an Africa impact assessment mechanism? That would mean that none of the developed nations in the world trade negotiations could ask for or agree to anything unless it was Africa-proofed.

The Prime Minister: I am sure that that will be part of the discussions in the WTO round. I thank my hon. Friend for his kind remarks in respect of myself and the Chancellor and the International Development Secretary who, as I said in my statement, have done an immense amount to bring the situation about.

I do not take the healthy scepticism personally in any way. It is sensible for people to be sceptical, but it is also sensible that they recognise that, with the support they have mobilised, we now have the opportunity truly to make a difference, and I think it is possible to do so.

Mr. Michael Jack (Fylde) (Con): The Prime Minister attached importance to the climate change action programme. May I ask him whether there was any agreement that those participating in that programme would in due course report back by objective means the progress that they make towards reducing their respective country's emissions of greenhouse gases? May I ask him to consider the possibility of creating some forum where parliamentarians from the eight plus five and other interested countries could meet together to take forward dialogue at that level, so that we may gain greater international understanding of some of these issues?

The Prime Minister: On the latter point, that would be a sensible idea because it would help people understand what the real problems are. Part of what I have been implying throughout my observations today—I felt this even more strongly when I was with the leaders, discussing climate change—is that the politics of this are slightly different from the way that they are presented. There is a possibility of getting agreement between the eight plus five; what I think is impossible—I am very sure of this now—is to get an agreement that either excludes the eight or excludes the five.

In respect of the objectivity of any assessment, it will happen, of course, in part through the UN framework because we have got the Montreal meeting coming up,

[The Prime Minister]

but the reporting back both through the new dialogue mechanism that we have established and the summits in Russia in 2006 and in Japan in 2008 will be important opportunities for people to make an assessment of this. I think that people may be prepared to move further than is presently contemplated.

Harry Cohen (Leyton and Wanstead) (Lab): Credit to the Prime Minister and the Government on efforts made and progress achieved, but will the 2015 millennium goals be met by 2015 as a result of the conference? Will poverty be made history as a result of the summit? If not, when?

The Prime Minister: If we deliver on what has been promised, yes, we can say that the millennium development goals will be met, but, obviously, we have got to deliver on it. We have got to carry it through and see it through, and so have the African countries got to deliver on their part of it as well. I emphasise, yet again, the importance of conflict resolution—the urgent necessity of establishing a standby African force, large enough to go into any situation of conflict. We can see dramatically the importance of that from what is happening in Sudan, where there are now about 8,000 peacekeepers, but more are needed. If there was a 20,000 force able to move into those situations, it would make a tremendous difference. Again, whatever aid is put in, even whatever attempts by Governments are made to strengthen the systems of governance in those countries, if there are conflicts that ravage an entire country, all the progress is set back immediately.

Pete Wishart (Perth and North Perthshire) (SNP): Does the Prime Minister fully understand the disappointment felt by many non-governmental organisations, aid agencies and many campaigners who felt that he and other G8 leaders would be truly brave in tackling African poverty at the summit? In marks out of 10, how close does he think he and the G8 summit came to meeting the demands of the Make Poverty History campaign?

The Prime Minister: The hon. Gentleman's standing up reminds me of one thing that I omitted to do in my statement that I should have done: to thank the people of the area around Gleneagles for putting up with so much irritation and discomfort. *[Interruption.]* Chaos would be putting it a bit too high.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Hassle.

The Prime Minister: Hassle, certainly. They bore it with great fortitude. I should also like to thank the police as well for the work that they did in policing the summit, particularly when it is difficult because numbers of people come simply to cause trouble.

I have done enough of these things now to realise that, if the standard is that we get universal acclamation from the NGOs that operate in certain areas, we might as well give up and go and do something else. That is not what is going to happen. However, the marks out of 10 that were given by some of the campaigners who have got the longest track record were pretty good. I think that we have made substantial progress, and it is in the nature of politics that substantial progress is the best that we can achieve. Most people, if they look at it fairly, would recognise that the G8 summit achieved a lot more than many previously.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. We must move on to the main business.

Orders of the Day

Racial and Religious Hatred Bill

Not amended in the Standing Committee, considered.

New Clause 3

CONSEQUENTIAL AMENDMENT: POWERS OF ARREST

'In section 24A of the Police and Criminal Evidence Act 1984 (c.60) (arrest without warrant by persons other than constables) after subsection (4) add—

"(5) This section does not apply in relation to an offence under Part 3 of the Public Order Act 1986.".'.
—[Paul Goggins.]

Brought up, and read the First time.

5.24 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss amendment No. 10, in page 2, line 23 [Schedule], at end insert—

'(4) In subsection (3) at end insert "but no power of arrest shall reside with any other person including any person empowered to do so by virtue of section 110 of the Serious Organised Crime and Police Act 2005.".'.

Paul Goggins: It seems but a short time since we had what could be fairly described as a vigorous debate about the Bill in the Chamber. We hit calmer times in Committee and as we begin our debate today we are obviously in a calm mood for other reasons that we know about. We can also be calm because we have at last found common ground on which there can be clear agreement between the Government and the Opposition parties.

New clause 3 addresses concerns expressed in Committee, not least by the hon. Member for Beaconsfield (Mr. Grieve), and elsewhere that individuals could try to use the power of citizens arrest inappropriately and perhaps maliciously in relation to the new offence. The hon. Gentleman spoke eloquently about the fact that the police would be highly unlikely to charge into the middle of a meeting or a speech during which someone was taking action that could be deemed to be inciting hatred on the ground of religious belief. He suggested that if the police might be cautious, we should also be cautious about the powers that we might give ordinary citizens.

The powers to effect a citizen's arrest are set out in the Serious Organised Crime and Police Act 2005, which passed through the House earlier this year before the general election. I have no doubt that the necessary safeguards included in the Act will work well. I draw three safeguards to hon. Members' attention. First, the power of citizen's arrest covers only indictable offences. Secondly, an individual must have reasonable grounds to believe that it is necessary to make an arrest. Thirdly, it should be clear to a person making such an arrest that it is not practical for a constable to make the arrest.

Mr. Tobias Ellwood (Bournemouth, East) (Con): In a situation in which an arrest must take place, how are individuals supposed to make such judgments? Things happen very quickly and they will not have the Act in their pockets. What advice can the Minister give to individuals in such a position?

Paul Goggins: The whole point of the new clause is that individuals will not have to make such a decision because they will not have the power to make an arrest. People will have the power—and, indeed, the duty in my view—to report what has happened to the police so that they can carry out an investigation and make an arrest if necessary.

The safeguards represent the necessary high tests. It could be argued—members of the Committee might remember that I tried my best to argue this—that they will be sufficient to cover the new offence. However, I have listened carefully to people, as I promised to do, and thus acknowledge the concerns expressed in Committee about the possibility of an over-zealous interpretation being made.

Mr. Sadiq Khan (Tooting) (Lab): Does my hon. Friend agree that publicising the fact that there will be no power to make a citizen's arrest will avoid the sort of examples from the Australian state of Victoria that the hon. Member for Beaconsfield (Mr. Grieve) cited? He gave examples of individuals attending religious meetings and trying to orchestrate the arrest of people making speeches by saying that they were inflammatory. Does the Minister agree that the new clause will protect lay preachers who are worried that the Bill might allow citizens to arrest them in clearly wrong circumstances?

Paul Goggins: I agree entirely with my hon. Friend. The new clause will give the reassurance that he suggests. He cited the very different legislation in Victoria state, Australia, under which people report complaints to the Equal Opportunities Commission. However, a different system will apply here. The new clause reassures the preachers who my hon. Friend mentioned. It will send out the clear message that there can be no messing about. People will not have the power to make a citizen's arrest for the offence because that will be entirely a matter for the police.

5.30 pm

Mr. David Heath (Somerton and Frome) (LD): Once the amendment is agreed to, as I hope it will be, surely the situation will be exactly the same here as in the state of Victoria, in that a report will be made and a complaint made against a person, rather than a citizen's arrest being attempted.

Paul Goggins: A report will be made not to the Equal Opportunities Commission, but to the police, who will carry out a full investigation. They will present what they find to the Crown Prosecution Service and then if, together, it is felt that there is sufficient evidence and it satisfies the public interest test, the Attorney-General can consider whether it is appropriate to bring a prosecution. All these safeguards are in place. I agree that it is important that we put in place safeguards to ensure that no over-zealous interpretation of the new offence, or of specific circumstances in which it may occur, inadvertently adds unnecessarily to tensions that may exist.

Mr. Gary Streeter (South-West Devon) (Con): I am grateful to the Minister for listening to the views of the Committee about the power of arrest. However, listening to an important but small point does not let him off the hook for listening to the large points to which we shall come. Can he give some other examples of criminal laws where the power of arrest has also been excluded? How does he intend to publicise—I am sure that his remarks will be well read tomorrow morning—and get the message across to people what will happen as a result of the Bill?

Paul Goggins: I said in Committee that I saw my responsibilities for the Bill not simply in getting it through Parliament, but beyond that. When we formulate the guidance, we must do so in a way that is inclusive and helps to raise awareness and to educate people. I believe that many fears will be allayed. I assure the hon. Gentleman that I have listened and that I will continue to do so throughout our debates.

Rev. Ian Paisley (North Antrim) (DUP): Is the Minister telling the House that there could be a period when the person would not be arrested? Is he saying that if someone else is informing the police, there would not be an immediate arrest?

Paul Goggins: There could be a period during which the police, even if they know that something is happening, wish to investigate further. They may wish to bring someone in under caution for questioning, and they will do that in what they consider to be a responsible way. We seek to prevent somebody from wading into a gathering and acting in an individual way that could exacerbate problems and tensions rather than reduce them.

In the spirit of consensus, it might be a little churlish to explain to the House why the Government new clause is superior to the amendment tabled by the hon. Member for Beaconsfield. However, it is my duty to do so. There are one or two technical difficulties with the hon. Gentleman's suggestion. More seriously, we have made a great effort in the Serious Organised Crime and Police Act 2005 to consolidate all powers of arrest in the Police and Criminal Evidence Act 1984. Rather than having them scattered, we will have them in one place. That is why we are proposing an amendment to the 1984 Act rather than to the Serious Organised Crime and Police Act.

This has not been an issue in terms of race hate law, which has worked perfectly well for nearly 20 years, but the equality of protection, which is a fundamental principle within the Bill, is important. That is why we propose to extend the exception that we are introducing to cover both religious and race hatred. I hope that what I have said illustrates that we have been listening to the concerns that have been expressed.

Mr. Dominic Grieve (Beaconsfield) (Con): I thank the Minister for his comments. I am happy to accept new clause 3 in substitution for amendment No. 10. I fully agree with the hon. Gentleman that, as so often happens when Government draftsmen lay their hands on the idea of others, the new clause reads much more happily than the amendment could ever do. I rejoice that the argument that I advanced in Committee, which I recollect was qualified by the hon. Member for Islington, South and Finsbury (Ms Thornberry) as barmy, appears to have received a sympathetic response from the Government.

The position is simple. The Bill, which criminalises incitement to religious hatred, leaves open the possibility that individuals could turn up at a public meeting, listen to a speaker's words and conclude that they were infringing the law. Because there would not be a police officer present, under the new rules on the powers of citizen's arrest they could mount the platform and say in colloquial terms, "You're nicked." They could then summon the police to take that individual away, regardless of the fact that, as the Minister has often told the House, few prosecutions are anticipated under the provision.

That highlights another aspect of the Bill, to which we shall doubtless return later today. Its scope is uncertain and it is easy for someone to conclude from its wording that there has been an infringement that would justify an arrest. Even though the Attorney-General may decide that he does not wish to prosecute the matter, there would be no redress for the person who had been arrested, as those who had arrested him could argue that, under the Bill, they had a reasonable suspicion that an offence had been committed.

A greater recipe for community strife could not be imagined. I was reassured that I was not barmy when the week before last I met some police officers in my locality who are policing a multicultural and multi-faith area. I asked them whether they were aware that the provision was going to be introduced and what they thought about it. When they learned what was likely to happen in their locality, their reaction was one of the utmost horror. There are groups in the area that they police that are on the look-out for transgressions by other religious groups or, indeed, by individuals within a religious group. Recently, for instance, one group within a religion had gone to a car park to seize religious items from another group because they believed that those items were about to be misused. The Government are therefore wise to heed my request. I was seriously concerned about the issue, so I thank the Minister for taking it on board.

The provision has been extended to cover racial hatred. I accept the Minister's reasons for doing so, but I cannot think of a circumstance, even in relation to racial hatred, where one would wish to see a citizen's arrest carried out in this fashion. In Committee, the hon. Member for Dewsbury (Mr. Malik) said that he could not think of a single instance in which it had been a problem in the past 20 years. That is because it has never happened, but it could well happen in future.

I am grateful to the Minister, and I will not take up any more of the House's time. I am delighted to be able to tell the Minister that we endorse wholeheartedly the Government new clause even though, I am afraid, we are most unlikely to endorse wholeheartedly the rest of the Bill.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I shall be brief because the main points have been made by the Minister and the hon. Member for Beaconsfield (Mr. Grieve). We, too, are minded to support the Government new clause. I am grateful to the Minister for giving the matter careful consideration and for

reintroducing the provision in its current form. It would be interesting to know whether there is a wider departmental view about the prudence of certain measures extending citizen's arrest in the Serious Organised Crime and Police Act 2005, or whether that is limited to this narrow application. However, it would be churlish not to accept the shift by the Government. We are grateful to the Minister and we are pleased to support him.

Paul Goggins: Briefly, I join the hon. Member for Beaconsfield (Mr. Grieve) in his praise for the draftsmen, not least for using to better effect some of the ideas that he proposed. I also praise my hon. Friend the Member for Islington, South and Finsbury (Ms Thornberry), who may have her own reasons for describing the hon. Gentleman as barmy, but we need not discuss that now.

Mr. Grieve *rose—*

Paul Goggins: The hon. Gentleman may wish to explain that himself.

Mr. Grieve: In fairness to the hon. Lady, she may not have described me as barmy, but rather my suggestion about what might happen.

Paul Goggins: I am sure that my hon. Friend will speak for herself about that.

On the more serious point, I emphasise the importance of ensuring that the new provision is extended to both religious and racial hatred. It is not a case of us being picky. If we do not extend it to both, we provide one set of protection for Jews and Sikhs, who are currently covered by the race hate legislation, and another for other religious groups. It is an important principle, to which we shall return.

Mr. Grieve: After Committee and after pondering that issue, I began to wonder whether, if the provision goes on the statute book as the Government intend, we would find case law develops so that the religious aspects of the racial offence against Jews and Sikhs are transferred to the category of religious, rather than racial, offence, in which case the Government have been worrying about nothing on that point.

Paul Goggins: As the hon. Gentleman knows, the Government are worrying about something very substantial indeed: the evidence we have that people try to stir up hatred against others because of their religious belief. That is the heart of our concern, which we seek to address through the measure. If hon. Members start to differentiate between race and religion in legislation, the anomaly that we are seeking to remedy between Jews and Sikhs and other religious groups would be repeated in the Bill. That would not be welcome.

I can reassure the hon. Member for Orkney and Shetland (Mr. Carmichael) that we intend to limit the exemptions specifically to the new offence, not to any others.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 2

PROTECTION OF FREEDOM OF EXPRESSION

'Nothing in Part 3 of the Public Order Act 1986 (c. 64) shall be read or given effect in a way which restricts or prohibits freedom of speech or expression on any matter of religious belief or lack of religious belief, unless the tone or content of such speech or expression is such as to constitute a justification for violent acts against any group of persons defined by reference to religious belief or lack of religious belief.'. *—[Mr. Grieve.]*

Brought up, and read the First time.

Mr. Grieve: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 4—*Protection for criticism, ridicule, etc.*—

'Nothing in Part 3 of the Public Order Act 1986 (c. 64) shall be read as creating offences that involve material that criticises or ridicules or causes offence.'.

Amendment No. 1, in page 1, line 3 [Clause 1], leave out from 'Act' to end of line 7.

New schedule 1—*Racial Hatred*—

'1 Part 3 of the Public Order Act 1986 (c. 64) (racial hatred offences) has effect subject to the following amendment.

2 Section 17 of the Public Order Act is amended to read as follows—

"(1) In this Part 'racial hatred' means hatred against a racial group, of persons defined by reference (whether directly or indirectly) to colour, race, nationality, (including citizenship) or ethnic or national origins ('a racial group').

(2) In this section—

(a) 'an indirect reference' means a reference to religion or religious belief or to a person's membership or presumed membership of a religious group as a pretext for stirring up racial hatred against a racial group;

(b) 'religious group' means a group of persons defined by reference to religion or religious belief.

(3) It shall not be an offence under this section if the activity consists of—

(a) criticising the beliefs, teachings or practices of a religion or its followers, for example, by claiming that they are false or harmful;

(b) proselytising one's own religion or urging followers of a different religion to cease practicing theirs;

(c) expressing irreverent comedic comments about religion or belief; its worship, teaching, practice or observance;

(d) expressing antipathy or dislike of particular religions or their adherents."'.

Amendment No. 2, in page 2, line 1, leave out the Schedule.

Amendment No. 9, in page 2, line 12 [Schedule], at end insert—

'17B Groups not protected by Part 3

For the purposes of Section 17A any group of persons holding the following beliefs or lack of religious belief shall not enjoy the protection of this Part of this Act—

(a) Satanists;

(b) Scientologists;

(c) believers in the need for human sacrifice to propitiate a deity;

[Mr. Deputy Speaker]

(d) believers in female genital mutilation to live in accordance with the rules of a religion;

(e) believers in violence as a means of proselytising a belief;

(f) believers in the divinely ordained supremacy of one race over another.'.

Amendment No. 3, in page 2, line 22, leave out 'or religious'.

Amendment No. 4, in page 2, line 30, leave out 'or religious'.

Amendment No. 11, in page 3, line 1, leave out sub-paragraph (3) and insert—

'(3) In subsection (1)(b), for "racial hatred" substitute "racial or religious hatred".'.

Amendment No. 5, in page 3, line 4, leave out 'or religious'.

Amendment No. 6, in page 3, line 13, leave out 'or religious'.

Amendment No. 7, in page 3, line 21, leave out 'or religious'.

Amendment No. 8, in page 3, line 31, leave out 'or religious'.

Amendment No. 12, in page 3, line 33, at end insert—

'11A After section 23, insert—

"23A Blasphemous words, etc.

For the purposes of determining whether an offence has been committed under sections 18 to 23, it is immaterial whether the words, behaviour, written material, public performance, recording or programme is blasphemous.".'.

Mr. Grieve: We return to one of the general issues that we considered extensively in Committee and which, I hope, we may be able to revisit this afternoon in a sensible frame of mind and perhaps from a slightly new angle. It was apparent in Committee that there was a universal acceptance that in the context of human discourse, it is sensible and prudent that people should express themselves moderately wherever possible. Equally, as became clear in the course of debate, there was some acknowledgement that matters of religion are matters of personal conscience, unlike race, which is immutable. I defy any hon. Member who participated in the Committee to have been able to conclude by the end of it that it was possible to distinguish between a religious belief and, say, a political belief. They are all matters of personal opinion and are all capable of criticism.

In Committee, the hon. Member for Islington, South and Finsbury (Ms Thornberry)—I am sorry to bring her in again, as she is not in her place—took the view that we might prudently prohibit all forms of incitement to hatred whatever form it took, therefore including, I suppose, incitement to political hatred. Notwithstanding that, the Minister was clear that he was trying to limit it to incitement to religious hatred only. That gives rise to two questions. First, what is the rationale behind doing this if it is difficult to differentiate religious and political hatred and any other form of hatred? Secondly, how can we do that without preventing or infringing freedom of speech in a way that many hon. Members may find unpalatable and unacceptable?

5.45 pm

In new clause 2, I try—we did not do this in Committee—to approach the matter from a slightly different angle. Is it possible for the House, while allowing the Bill to proceed in its present form—I have grave misgivings about that, for reasons to which I shall return later—to have a sufficient definition of the mischief that we are trying to tackle so as to provide reassurance to individuals about the bounds of the criticism in which they can engage in considering other people's religious beliefs and, indeed, those people themselves? The Minister said in Committee that it was not the Government's intention to prevent the most vigorous criticism of religion but to prevent the most vigorous criticism that might incite hatred against the individuals who held those beliefs. We therefore spent some time considering the sort of people who might be protected. In amendment No. 9, I have re-tabled an amendment, in a slightly different form, that we debated in Committee. It highlights the fact that people who might enjoy protection under the Bill include Satanists, Scientologists, believers in the need for human sacrifice to propitiate a deity, believers in female genital mutilation so as to live in accordance with the rules of a religion, believers in violence as a means of proselytising a belief, and believers in the divinely ordained supremacy of one race over another.

We have to face the fact that under the Bill as drafted, one of the consequences, perhaps unintended, of the Government's approach is that such groups would enjoy a measure of protection and that people would be told that they are not allowed to incite hatred against those who hold such beliefs. We are entitled in this House to express hatred of the British National party—indeed, it is done quite regularly—and we frequently express hatred not only of the BNP but of some of its leading participants and proponents. Philosophically speaking, what is the difference between that and the hatred that one might have of people who believed in female genital mutilation as part of their religious convictions? I have never been able to understand how that distinction can be made.

In Committee, the Minister engaged in a certain amount of nimble footwork in trying to suggest that some of the people whom I list in amendment No. 9 would not be covered by the Bill because a religion has to have some public benefit. However, it is possible to have a religion that has a public benefit and where people still believe in some of those things. As there is no definition of religion in the Bill, it will attract the definitions that currently exist under human rights law and charity law, which are extremely broad and will cover individual sects, including those that many people might regard as repellent.

Can we find a way through this? New clause 2 says:

"Nothing in Part 3 of the Public Order Act 1986 . . . shall be read or given effect in a way which restricts or prohibits freedom of speech or expression on any matter of religious belief or lack of religious belief, unless the tone or content of such speech or expression is such as to constitute a justification for violent acts against any group of persons defined by reference to religious belief or lack of religious belief."

What is wrong with that new clause? How does it undermine the Government's intention? If I have understood the rationale behind their arguments correctly, it is that we must curb freedom of speech not

because of the speech itself but because of its corrosive consequences in acts committed against individuals. The Under-Secretary will correct me if I am wrong, but that appears to be the justification for the Government's position.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I have sympathy with my hon. Friend's aim, but he asked what the problem with the new clause was. It does not refer to intent. It simply refers to whether speech constitutes a justification. Surely the new clause should be directed towards intent.

Mr. Grieve: My right hon. and learned Friend is right. In Committee, we spent much time considering intent. If he examines some of the other amendments that I have tabled, especially amendments Nos. 3 to 8, he will realise that leaving out the word "religious" would confine the offence of inciting religious hatred to one of specific intent and remove it from the second category, which is sometimes described as the "likely limb". I am afraid that that is not immediately clear, but that alternative approach might commend itself to hon. Members.

I must however be realistic. I have to accept, in the light of what happened in Committee, that the Government vigorously reject the approach. They were committed to maintaining the duality of incitement to racial and religious hatred, including the possibility that the offence could be committed not only with but without specific intent, if the threatening, insulting or abusive words were likely to be heard by people in whom they were likely to stir up religious hatred. I stress to my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) that that is one of the reasons for my fundamental objection to the Bill.

Given that we are on Report and I am trying to tempt the Government, however, I am at least willing to try to encourage them to consider new clause 2 and provide some greater protection. If they did that, I would not jump up and down and say that the Bill was acceptable but it must get through not only this place but another place. The prospect of its getting though another place in its current form is limited. Given that I have always attempted to proceed by argument, not simply by confrontation, I tabled new clause 2 because it provides at least a measure of definition. Unless we provide that the words can be construed as constituting justification for violence, the Bill gives complete protection, whether there was specific intent or not.

Philip Davies (Shipley) (Con): Does my hon. Friend agree that, if the Government reject new clause 2, it would make their promise that the Bill would not curtail freedom of speech hollow? That would reinforce the view of many of us that they intend the new orthodoxy about which Labour Members spoke in Committee. The Government have banned people from doing things that they do not like and the Bill now bans people from saying things that they do not like.

Mr. Grieve: My hon. Friend is right. There is the hint of a new orthodoxy in the air, which provides that people must restrict their speech so that they do not cause offence or encourage people to dislike others, whatever the views of the person to be disliked. Philosophically, that is a nail in the coffin of a free society. The moment we go down that road, it will be impossible to hold the sort of robust discourse that created the freedoms and democracy that this country enjoys. They were not born of everybody being inclusively kind to each other. I am sure that many advances in freedom of speech in the past 200 years were offensive to those on the receiving end.

John Bercow (Buckingham) (Con): I recognise that my hon. Friend is trying to improve rather than retard the Bill. However, I put it to him, without wishing to nit-pick, that the unspoken premise of new clause 2 appears to be that there should be no requirement to prove intention because people must simply be assumed to intend the natural consequences of their actions. That is a dangerous working premise. In matters of argument, whether political or religious, the assumption of rationality is rather dangerous.

Mr. Grieve: My hon. Friend makes a valid point. However, it is worth bearing in mind the fact that new clause 2 has to be read in conjunction with the Bill. The measure creates an offence of incitement to religious hatred, one limb of which requires specific intent—the intent is therefore already present—while the other limb requires, in the absence of specific intent, the words to be threatening, abusive or insulting and likely to be heard by people in whom they are likely to stir up hatred. My hon. Friend—and my right hon. and learned Friend the Member for Sleaford and North Hykeham—must forgive me, but we went over the matter in great detail in Committee.

John Bercow: I was not privileged to serve on the Committee.

Mr. Grieve: I appreciate that. Indeed, if my hon. Friend wants to develop the argument, he can examine the other amendments which I mentioned and to which I intended to move on, but I do not want to take up too much time.

John Bercow: Go on.

Mr. Grieve: I shall do so briefly and shortly.

In the meantime, new clause 2 does not remove the limb that requires specific intent. It simply makes it clear that, irrespective of whether there is specific intent, the words, speech or expression must be

"such as to constitute a justification for violent acts".

It has the merit that, once introduced as a concept, many things that people say about others, including things that may be offensive, certainly insulting, but probably not threatening—threats in discourse have little place in a democratic society—would be defused. In Committee, we worried especially about insulting terms.

My impression from contact with many members of secular and religious groups who have deep anxiety about the Bill—about 2,000 of them, in an impressive gathering, remarkable for its diversity, were demonstrating outside the House this afternoon—is that they would at least be reassured that their ability to express their dislike of other people's beliefs or their views on the morality of others would be protected, even if some people might find it insulting and even if some

[Mr. Grieve]

idiot elsewhere in the country seized on it as a justification for doing something that the ordinary words used could not possibly justify.

I challenge the Under-Secretary to explain why new clause 2 is unacceptable. It makes some progress towards achieving a measure of greater agreement about how to include safeguards in the Bill.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): In the hon. Gentleman's introductory remarks, he spoke of the difficulty of distinguishing between religion and politics, or at least the principle of providing for an offence of inciting religious hatred but not political hatred. Has he had the opportunity to consider the position of, say, an Islamic People's party or Christian Democrats, if their members claim that their critics are inciting hatred against them on the ground of religion, not politics? Does that give them an unfair advantage in the hurly-burly of political discourse?

6 pm

Mr. Grieve: The hon. Gentleman makes a good point. There are in the world today—and, indeed, in this country—groups who have founded their political agenda on religious principles. Indeed, in Europe, the Christian Democrats did exactly that for a long time. So the two concepts are closely linked, but one of the questions that the Minister failed completely to answer in Committee was how we should disentangle them. I do not think that they can be disentangled.

The Minister falls back on the argument that the disentanglement will be done by the poor old Attorney-General, who, when confronted with a set of facts, will decide whether they transgress or exceed the mark. The Minister knows my view on this: it is very unsatisfactory to create a legislative framework that is wholly incomprehensible to the wider public and leaves them at the mercy of a single individual who sits in his office and decides whether they have overstepped the mark. I fear, too, that when prosecutions start, this approach will lead to all sorts of allegations that the Attorney-General is being selective and protecting certain religious groups and not others. I defy the Minister: even the Attorney-General, a man who would seek to apply a great measure of dispassionate assessment to any problem that he faced, could not fail to be swayed by societal considerations about what is or is not a mainstream point of view.

Paul Goggins: Perhaps I could ask the hon. Gentleman to calm down a little. He knows that in the nearly 20 years that the law on race hatred has operated, there have been 76 prosecutions, 44 convictions and seven occasions on which the Attorney-General has stopped a prosecution proceeding. It would serve the hon. Gentleman and the House well if we could put the role of the Attorney-General into perspective in this regard. It is an important role, but let us just get it in perspective.

Mr. Grieve: I am grateful to the Minister for that intervention, but I believe that there is a clear distinction between race and religion. Race is immutable and, on any consensus view, a very poor foundation on which any intelligent person could make a distinction about someone's other characteristics. Religion, on the other hand, relates very strongly to a person's personal characteristics and views. The Attorney-General will therefore face a much harder task in regard to decisions on religious hatred than he does on racial hatred. That seems to be reflected by the fact that the Minister has suggested publicly that the level of prosecutions on religious hatred will be far lower even than that of prosecutions on racial hatred in the past few years.

Paul Goggins: I have a further reason to intervene on the hon. Gentleman: I have never suggested that. In fact, I have suggested that the numbers would be broadly similar. As I have just said, in nearly 20 years, there have been 44 convictions. The hon. Gentleman has once again described his view that religion is different from race, and of course I agree that there are differences, although I do not agree with his analysis. I simply wanted to point out that the Attorney-General comes some way down the process in this regard. The police first have to investigate a case; the Crown Prosecution Service then has to decide whether there is sufficient evidence and whether it would be in the public interest to pursue it. That all happens—and it happens well—before the Attorney-General has a veto over a case. I simply ask the hon. Gentleman to keep this matter in perspective.

Mr. Grieve: I had rather hoped that I was keeping it in perspective. The Minister's suggestion that there would be very few prosecutions seems to have been put forward to reassure the vast majority of people who are engaging in religious debate that they need have no fear while doing so. My anxiety is that the Bill is worded in such a way that anyone looking at its terms will see that they are very wide, and that only the Attorney-General's discretion will restrict them. For those reasons, I am trying to find a way forward.

I do not much care for the Bill—I shall come back to that in a moment and suggest some alternatives—but I am trying to suggest ways in which the Attorney-General's remit might be lessened. The police might therefore not need to get involved. They might say, "There was nothing in those words that could justify violent acts against anyone. You might find them very offensive, you might not like what was said, and people might be getting very worked up about it, but there is no justification for prosecution because the hatred was not of a kind that would tend towards acts of violence."

One of the problems with the Bill is that it does not define hatred. By its usual definition, all that it amounts to is an intense dislike.

Chris Bryant (Rhondda) (Lab): Or enmity.

Mr. Grieve: Indeed. The implication that a person is likely to carry out an act of violence does not flow logically from either of those concepts. That is one of the reasons why the Bill is seriously flawed. I simply ask the Minister seriously to consider whether new clause 2 might provide a way forward in that regard.

Chris Bryant: The bit that the hon. Gentleman has left out of all his discourse so far is that each of the sections of the Public Order Act 1986 contains a get-out clause, as it were—a reason why someone might not be committing an offence. Each section is worded slightly differently, but they include circumstances in which a person is unaware of the content of the material in question or does not suspect or have reason to suspect that it is threatening, abusive or insulting. So there are already provisions under which someone would not be guilty of an offence.

Mr. Grieve: I take the hon. Gentleman's point, but I have always thought that those were more of a publisher's get-out than a proponent's get-out. I suppose that it is just possible that a person might use threatening, abusive or insulting words without knowing that they were, but it would be rather surprising.

Chris Bryant: The hon. Gentleman might be right so far as section 20 of the Public Order Act is concerned, but each of the different sections is worded very specifically to ensure that there is a get-out, not only for publishers but for people who use words and behaviour, or puts on a play or makes a broadcast, in each of the different categories. The Act is pretty clear.

Mr. Grieve: I agree with the hon. Gentleman, but I still believe that a protection that states, as the Public Order Act does, that

"A person who is not shown to have intended to stir up racial hatred is not guilty of an offence under this section if he did not intend his words or behaviour, or the written material, to be, and was not aware that it might be, threatening, abusive or insulting"

does not address the second issue, which relates to the stirring up of hatred. Clearly, if people are prevented from using threatening, abusive or insulting words, or have a let-out that they did not realise that they were threatening, abusive or insulting, that is one thing. However, I felt that the Minister made it clear in Committee that there might be circumstances in which someone could use insulting behaviour. Many people regard certain comedy turns as insulting, for example. If a comedy were to be put on that was deeply insulting to the religion being parodied, it would lose the person involved the protection of that particular limb of the Act.

Dr. Evan Harris: Until the hon. Gentleman uttered those last few words, he was being far too kind to the hon. Member for Rhondda (Chris Bryant). The defence in section 18(5) of the Public Order Act is no defence for those who are putting on a play or performance, especially when people have been consulted about its content in an attempt to meet their concerns. The people putting on the play would have been told, "We find this insulting", so they could not be unaware of the fact. If anything, the measures would encourage people not to consult or to let people know in advance that they might be putting risky material into a comedy, an entertainment or a play. Whether the material would incite hatred against individuals is a separate issue, but the measure that has just been mentioned is no help.

Mr. Grieve: The hon. Gentleman is right. That is why we must be so careful with this legislation. New clause 2 at least offers some measure of protection. It is unlikely that anyone would suggest that a comedian's lampoon—however pointed, barbed or insulting—could constitute an encouragement to violent acts.

Mr. Hogg: My hon. Friend has identified perhaps the greatest problem with the Bill, namely that hatred is not properly defined. Might I suggest that a way forward might be to define the concept so that it involved a propensity to cause violence? That would involve taking up his new clause, and attaching that concept to the definition of hatred.

Mr. Grieve: My right hon. and learned Friend makes a very good point. If the Minister were to come to the Dispatch Box and suggest that that might be a way to proceed, I would welcome it. The fact that we can have this kind of debate on Report is extremely useful, because when the Bill goes to another place, the record of these proceedings will doubtless be read, and people will be able to see that that suggestion represents another approach to the problem. I tabled quite a few amendments in Committee to try to find a way around this problem. They were rejected, however. On Report, therefore, I wanted to confine myself to essentials. My right hon. and learned Friend is right, however, that that might be a better approach, and that a definition of hatred could be extremely helpful. Anyone who looks in the dictionary can see that the term is not well defined, which has been one of the anxieties throughout our consideration of this legislation.

Rev. Ian Paisley: On Second Reading, I asked the Home Secretary a question concerning statements in the Bible and in the confessions of faith of all the Churches telling against various other beliefs. I asked:

"Is he telling us that those statements will be deemed to be not statements of hatred, but the personal confessions of those Churches?

The House begins its sittings with a prayer from the Book of Common Prayer. Parts of the Book of Common Prayer, such as the 39 Articles, have strong statements to make. Would those statements be considered as an incitement to hatred?"—[*Official Report*, 21 June 2005; Vol. 435, c.671.]

He said: "No, they would not." Surely the way to safeguard that in the Bill would be to accept the hon. Gentleman's new clause, but there is nothing in the Bill to safeguard the promise made. The Minister replying to the debate knows well that one cannot go into a court and say, "When the Bill passed through the House of Commons the Minister said this", for the judge would laugh and say, "Sit down."

Mr. Grieve: The hon. Gentleman is right. In Committee, I quoted from the Koran, the Old Testament, the New Testament and the 39 Articles, particularly Article 18. I do not wish to bore the House with repetition, however.

Sir Patrick Cormack (South Staffordshire) (Con): I was unavoidably detained elsewhere during the early stages of the Bill. Did my hon. Friend quote from Voltaire, who, however much he disliked what one said, would defend to the death one's right to say it? Would not that be a more civilised maxim to guide the House today?

Mr. Grieve: My hon. Friend is right. I do not think that I needed to quote that—it had been quoted extensively by others before I had the opportunity to do so. One of the problems highlighted in Committee was that many texts in the Bible, and certainly in the Koran, given a literal interpretation, must certainly be said to stir up hatred. One of the psalms that I read is specifically about hating other people who do one harm. In those circumstances, I raised the matter with the Minister. The 39 Articles also make it clear that there is a duty to point out the error of others, and to challenge them in their views.

Lynne Featherstone (Hornsey and Wood Green) (LD): While I appreciate what the hon. Gentleman is trying to do with this new clause, does not he agree that his argument with the Attorney-General making a judgment might apply similarly to a third party having to judge the tone and content of something?

Mr. Grieve: Ultimately, someone must make a judgement, and on the basis of new clause 2, the people making the judgment will be the jurors in the criminal trial that takes place. At least it would be possible, however, to say to the jurors, "Unless, members of the jury, you are satisfied that the tone and content of what was said was such as to constitute a justification for a violent act against another group, it doesn't matter how threatening, abusive, insulting or what the intent might have been. It is irrelevant; the person is not guilty." It would boil down to that.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I understand that Voltaire, on his death bed, was asked to renounce the devil and all his works, and he said that it was no time to make unnecessary enemies. Under the Bill, might he have been in some difficulty and forbidden to die?

Mr. Grieve: The hon. Lady makes a good point. I shall leave it to the Minister to answer that conundrum.

Dr. Tony Wright (Cannock Chase) (Lab): Is not a further complication that we happily allow people to hate each other, and in any case, how can we prevent them from doing so? It is an entrenched part of terrace culture that the supporters of certain football clubs hate those of other football clubs. We live with that. Surely the problem comes when the hatred leads to violence or incitement to violence. That is the distinction that we must capture.

6.15 pm

Mr. Grieve: The hon. Gentleman is right. It is a difficult dividing line. In fairness to the Government, as I understand it, they have kept on saying that the mischief that they are trying to meet is precisely the one that he identifies. The trouble is, however, that once one starts to argue that incitement to religious hatred is a criminal offence of itself, one has moved the goalposts a very long way. Anyone who reads this Bill can see that it potentially criminalises a wide range of expressions of views about other people.

Mr. Hogg: Is not the truth that we are beginning to see a consensus building up that what is objectionable is not just the state of mind of the person listening to the language but the consequences of that state of mind? Therefore, what we are trying to strike down is language that might cause a state of mind to arise which itself will give rise to violent or unlawful conduct. Are we not coming to that?

Mr. Grieve: My right hon. and learned Friend has got it absolutely right. The problem then, which is one of the reasons why I think this legislation is so misguided, is that the Government have found themselves hoisted on their commitment to create equality and a level playing field between racial and religious hatred. As a result, as became apparent from debates in Committee, every time a suggestion was made that religion should be treated differently from incitement to racial hatred, it was condemned by the Government on the basis that they would then fail in the promise that they made to the Muslim community, as I understand it, to create a level playing field with Jews and Sikhs. That is why I suggested to the Minister earlier that the Government might like to consider the possibility of splitting hatred against Jews and Sikhs on religious grounds from hatred against them on racial grounds. I accept, however, that that is a problem. As long as the Government persist in demanding that the Bill should apply equally as regards race and religion, we will be faced with that problem.

In the fascinating debate in Committee, which I found to be one of the most interesting in which I have been involved since entering the House, it became plain to me that the Government were trying to do something that was difficult, impossible and had a whole series of unintended consequences about which the House should be concerned. The truth is that race and religion are different. As long as the Government persist in maintaining that they must be treated identically, we will face that sort of problem.

In the other amendments that we tabled, we tried to deal with the problem through an alternative approach, by leaving the offence of "specific intent" in religious hatred but removing—if I may use the expression that seems to have been introduced in Committee—the "likely limb" of the offence. That approach has much to commend it, but falls foul of the issue that I raised a moment ago about the equality between racial and religious hatred. Again, as long as the Government are hooked on maintaining that link, it will not help them to find a way through their problem. I have grave anxieties, however, about whether people should be criminalised on the basis of expressions of religious hatred unless they were specifically intending to foment such hatred. In those circumstances, those are other grounds on which the House might consider that it would be sensible to allow a distinction to be made between racial and religious hatred.

Dr. Evan Harris: The hon. Gentleman made a key point about Jews and Sikhs. A number of legal experts tell me that they do not believe there is discrimination now, and that Jews and Sikhs are protected against incitement to racial hatred because there is no Act or law that defines religious hatred. The new schedule will make it absolutely clear that any victim of incitement to racial hatred, whether or not that victim is a religious group, should and could be covered by the Bill. I do not

believe, and I hope that the hon. Gentleman does not believe, that the anomaly that the Government have identified does exist.

Mr. Grieve: What the hon. Gentleman says is relevant to the new schedule, which seeks to deal with circumstances already established by case law—circumstances in which an attack on someone's racial and ethnic identity is made through the medium of his religion.

I agree with the hon. Gentleman on another point. I have never had the impression that the clause protecting Jews and Sikhs from racial hatred was intended to protect them from criticism, even vigorous criticism—or even the fomenting of dislike—on the basis of their religious views. The Minister may correct me, but I know of no prosecution that has been brought on the basis that criticism was in fact criticism of their religious views. In my experience, such prosecutions have generally been brought as a result of far wider attacks on people's ethnic identity. To that extent, I have always thought that the anxiety apparently expressed by the Muslim community in Britain, which the Bill seems to want to address, is fundamentally misplaced.

Let us assume for a moment, however, that the Government wish to cure that problem. One way of doing so would be to adopt the new schedule. We have been over this ground before, and I leave it to the hon. Member for Orkney and Shetland (Mr. Carmichael) to speak to the new schedule, which has been described as the Lord Lester amendment. I will say, though, that it has the merit of allowing protection to be set down in statute for those who are under attack on the basis of their ethnic identity through the medium of their religion. The courts have already succeeded through case law, but the new schedule would set it down in black and white, and I think it would provide a really effective compromise. We have mentioned that before, and I look forward to hearing the Minister explain why it is not a better approach.

I apologise for taking up so much time, but the issues are lumped together. This is an important group of proposals. I urge the Minister to respond positively, because if we do not find a way forward, the Bill will go nowhere—or, at any rate, no further than the House of Commons. Moreover, we will introduce to an area in which I believe there is some agreement a further degree of party-politicisation, which I do not particularly welcome in the circumstances and which will continue until the Government decide—if they wish—to use the Parliament Act to force the Bill through.

That would not make the Bill any better. We have here a number of proposals which, if the Government responded to them positively, would at least provide a way forward. I must make it clear to the Minister that I have always considered the Lord Lester amendment to be the best option, but I hope that if they find it unacceptable, the Government will look sensibly at some of the other ideas.

Sir Peter Soulsby (Leicester, South) (Lab): At the heart of the hon. Gentleman's argument is the assertion that a person's religious belief is, in many respects, very similar to that person's political belief or—this example was given earlier—his or her support for a football club. Does he accept that many people's religious beliefs are much more fundamental than their political beliefs, or even their support for football clubs? Are not those beliefs fundamentally connected to their family, culture and heritage? Indeed, in many cases their religious beliefs are even more fundamental to their sense of identity than their race.

Mr. Grieve: Some would argue—and I think surveys demonstrate it—that many people's political views are inherited. That certainly applies to the political parties that they may choose to support.

Mr. Hogg: Look who's talking.

Mr. Grieve: Of course, some may be apostates when it comes to the political views of their forefathers. Nevertheless, one's political views are closely bound up with one's philosophical outlook. But I would hate that to be treated as a defining characteristic, so immutable that it was entitled to special protection. What worries me about the approach of the hon. Member for Leicester, South (Sir Peter Soulsby) is that it does suggest that someone's religious outlook is immutable. It suggests that we can compartmentalise society into a series of blocks of individuals believing certain things, which deserve to be preserved in aspic for all time without challenge.

I believe that in the pluralistic society that we are rapidly becoming in this country—indeed, we may have already reached that point—we should be going in the opposite direction. Far from there being special protection, people must face the fact that their personal point of view on matters as sensitive as religion, for instance, will come in for robust criticism, discussion and discourse. If we embark on the road down which I fear the Bill will take us, we will institutionalise difference, curb debate and thus produce a far less flexible society than the society we undoubtedly need if we are to go forward and prosper.

Sir Peter Soulsby: I certainly do not think that a religious outlook needs be immutable, but I believe it to be fundamental. It is, I believe, fundamental to how people identify themselves, and fundamental in a way that is particularly relevant to the Bill—fundamental to how others identify them and promote hatred of them. Surely the purpose of the Bill is to protect those who are identified by others, and by themselves, according to their religion. Surely we should extend the protection that already exists in the context of their identification in terms of race.

Mr. Grieve: I appreciate that we are dealing with religious hatred. We should bear it in mind, however, that 200 years ago those in this Chamber—or rather down the Corridor, where the Chamber was then—were living in a society in which, notwithstanding the tolerance accorded to some dissenters and indeed to small Jewish minorities, there was a consensus, institutionalised by Parliament, that certain Christian beliefs contained in the 39 Articles of religion must be imposed for the sake of social conformity, and to maintain the body politic. That is the state in which our country then was.

[Mr. Grieve]

Over the last 200 years we have seen a dramatic change, not just in the extent of the tolerance accorded to others who wish to practise other religious beliefs. The country is in the process of a massive transformation: multiculturalism and religious views are important not just to small minority groups, but to substantial sections of society. I must tell the hon. Gentleman that in those circumstances I think it is particularly important for freedom of discourse to be maintained, including freedom to criticise in vehement terms. We must all get used to that. If we do not, we shall be moving in the wrong direction.

Mr. Hogg: My hon. Friend is arguing strongly for new schedule 1, and I agree with him. One answer might be to insert in the new schedule a further amendment defining hatred, so that only conduct likely to cause people to engage in violence or unlawful behaviour towards the group in question would be unlawful. There would be parity in the case of both racial and religious groups, because we would have redefined hatred to involve the consequences of that state of mind.

Mr. Grieve: My right hon. and learned Friend has repeated an important point to which I hope that the Government will respond, elsewhere if not here.

There is a philosophical argument that, because racial characteristics are immutable, allowing people to express hatred based simply on race is so peculiar and irrational that it may be proper to curb it. That, I think, is why it was curbed in the racial hatred clauses of the Public Order Act 1986. So while I very much agree with my right hon. and learned Friend about the application of this argument to religion, I should want to think very carefully about rowing back from the 1986 Act, which was framed to protect people on the basis of their racial identity. That could be argued to be a retrograde step; however, I hope that this issue can be looked at elsewhere.

I hope that the Minister will consider the new clause and related amendments carefully. I point out now, should I be unable to do so later, that I will put my name to, and view with great sympathy, new schedule 1.

6.30 pm

Dr. Tony Wright (Cannock Chase) (Lab): There were some rather elevated exchanges earlier on about Voltaire, which lifted the tone of the debate no end. While they were going on, I was rather reminded of John Stuart Mill, which shows how complicated these issues are. In his famous mid-19th century essay "On Liberty", which defined how many of us think about these matters, he gives a very nice example. He says that it is perfectly proper for people to go around saying that all corn dealers are thieves, but that it would not be appropriate to say that to an excited mob outside a corn dealer's house. I am not sure that Mill is right, but that example does show the importance of getting these distinctions right.

Mr. Grieve: Of course, that precise example is currently covered by other sections of the Public Order Act 1986, and it is an important distinction. We are talking about inciting people, through speech, to have hatred of others. Even under the current law, those who insult in the street people such as corn dealers on the basis of their religion are likely to be arrested.

Dr. Wright: Yes, and as we all know this is the important distinction. We are at one on the issues of incitement and violence, but we are not at one on where to draw the distinction between beliefs and believers. We keep coming back to this issue from many different directions, but it is fundamental to the Bill. Many of us are very keen to respond to the argument that we need to stop members of certain groups being picked on. We do not like people being picked on, and there is a lot of evidence to suggest that certain members of religious communities are being picked on not for their religion, but simply because of who they are. So we respond very positively to the need to protect people against being picked on, which is why I approach this argument in a sympathetic spirit. However, at the same time, I want people to be able to pick on other people's beliefs. That presents us with a difficulty. How can we protect the right of people to pick on other people's beliefs, while not picking on such people simply because they belong to a religious group?

Sir Patrick Cormack: Is it not equally important that people have the opportunity robustly to express their beliefs?

Dr. Wright: Indeed it is, and I take that to be part of the same point.

There is a balancing act that we want to perform, but not because some of us are on the side of free speech and others are on the side of protection. Most of us want both to protect and to guarantee free speech; we are simply trying to find the correct balance.

Mr. Hogg: In citing the words of Mill, the hon. Gentleman in fact told us how that balance should be struck. The reason why we do not describe corn merchants as thieves when we are standing outside a corn merchant's house is that the mob might throw a brick through the corn merchant's window. In other words, we consider the consequences of the words that we use, and that is the point on which we should be focusing, is it not?

Dr. Wright: I thought that it might be hazardous to cite that example, and in fact, the situation is even more complicated than that. In fact, in such a circumstance one is invoking anticipated possible consequences, rather than real ones. By way of defence, a person might say, "Of course I am entitled to say that all corn dealers are thieves when outside a corn dealer's house. I am not saying that you should act on that belief. I am not saying that you should burn the man's house down." So it is quite a leap to jump from a point of view that is certainly controversial, and in respect of which the circumstances matter, to an assumption about its consequences.

The serious distinction that we have to draw is between beliefs and believers. In trying to strike this balance—we are all doubtless trying to strike it in different ways—I simply wanted the Bill to provide some reassurance. The Minister, who could not be a more congenial and agreeable person to have at the

Dispatch Box in these circumstances, has indicated his desire to find this middle ground, if it can be found. My new clause simply states:

"Nothing in Part 3 of the Public Order Act 1986 . . . shall be read as creating offences that involve material that criticises or ridicules or causes offence."

It is simply an attempt in the most anodyne way possible—a way designed to maximise agreement—to secure in the Bill the commitment that nothing in it will stop people criticising or ridiculing other people's belief systems, and that no offences will be created simply because someone acts in that way. If we include such a provision, we will have gone a long way toward getting the balance right, and toward providing the reassurances that many of us want.

Mr. Heath: The hon. Gentleman is absolutely right to say that there is common ground in all parts of the House on the question of dealing with the mischief that the Government are addressing, and he is right to say that the Minister has been at pains to point out that the Bill will not create the mischief that some of us fear, which is unnecessary prosecutions. The difficulty that some of us have is that the Minister always ends up saying that the Attorney-General will act as the stop on such prosecutions, and that they will therefore not reach court. In doing so, the Minister fails to recognise that the problem is the effect that the complaint and the investigation will have on someone who is simply proselytising their religion, cracking a joke or doing any of the things that we believe to be part of free speech.

Dr. Wright: That is true and of course, according to a further powerful argument that has been deployed in this debate, if the Bill is left as it is, it will create expectations of consequences that will never be realised and should never be realised, and which the Government have said will never be realised. The argument is that the Bill is designed to offer symbolic reassurance, but that in doing so, it will generate expectations that, when unmet, will have consequences contrary to those that the Government quite properly want.

I have simply taken almost word for word paragraph 15 of the explanatory notes, which seeks to give such a reassurance. It states:

"The offences will not encompass material that just stirs up ridicule or prejudice or causes offence."

Such a statement is, more or less, what I would like to be included in the Bill. I would be prepared to add a "just" or a "merely" if that would help the Government, but having listened very carefully to what they had to say throughout our deliberations, I do not believe that there could be any conceivable objection to including in the Bill such a bland, anodyne statement. It became absolutely clear what this Bill was about and was not about.

Philip Davies: I congratulate the hon. Gentleman on his sensible new clause. Does he agree that the biggest danger with the Bill is not that someone will be sent to jail who should not be, but that, without his amendment, people will be afraid to speak out on things on which the Government would not mind them speaking because of the uncertainty over the Bill? Is not the biggest danger that the Bill will restrict freedom of speech because people will be unsure as to what they can say and what they cannot say?

Dr. Wright: Yes, feelings will be generated on all sides that will be unhelpful to the Government's objective.

The Minister may be about to tell me that he agrees entirely with this anodyne new clause, in which case I could have saved myself a few moments on the Floor of the House. If not, I fear that this is but a foretaste of what is to come. It would be better to try to put a reassurance of this kind in the Bill now. If so, the Government will have a chance of securing the Bill with assent. Without it, I fear that that may not be the case.

Mr. Carmichael: I should say that unless the Minister was minded to accept our amendments and new schedule, it would be my intention to seek to test the view of the House by way of a Division at the conclusion of our proceedings on this group.

In this short debate, we have already had significant references to the work of Voltaire and John Stuart Mill. I should place on record that at different stages of my academic career, such as it was, I have been a student of moral philosophy and of jurisprudence. I should add that sufficient time has passed for me to be candid and to state that I slept through most of my lectures on both subjects, but I did learn one thing from them, which was not to get involved in arguments that one was not qualified to argue. With all due respect to the hon. Members for Cannock Chase (Dr. Wright) and for Beaconsfield (Mr. Grieve), I hope the House will forgive me if I take a more practical rather than philosophical approach to the amendments.

Implicit in what the Minister said in relation to the earlier group of amendments was that although we have had Second Reading and Committee and are now on Report, we have never got over the real issue that lies at the heart of the Bill and the difficulty it causes me and others. That issue is the fundamental distinction between the nature of religion and the nature of race and the very different views that should be taken to hatred that is stirred up on the basis of one's race and one's religion. That stems from the immutability of one's racial characteristics, which is quite different from the changeable nature of one's religious views.

Kelvin Hopkins (Luton, North) (Lab): Is not the simple distinction that one can change one's beliefs but not one's race?

Mr. Carmichael: That is it. For that very reason, hatred on the basis of race is a completely irrational thing; one is hating somebody else for something over which they have no control.

The point bears making, however, that there is a degree of compulsion that comes with one's religious beliefs and questions of faith that leads one to demand and to be entitled to a degree of protection from the law. That is one of the biggest difficulties that the Bill faces. It is because one is compelled to speak out in a certain way because of one's religious beliefs that the freedom of religious expression is very important and the Bill poses a real danger in this regard. The Government may have rather oversold the Bill in some religious

[Mr. Carmichael]

communities, but there is a growing realisation that the Bill will be as unpopular among the Muslim communities as it will be among those who have been lobbying us so vigorously in the last few weeks.

6.45 pm

Mr. Hogg: The hon. Gentleman is spelling out what he thinks is at the core of the Bill, but will he address this question? Causing hatred is obviously a very wrong activity, but should it by itself be an unlawful activity? It would be quite wrong to cause hatred for homosexuals, but if that does not spill over into unlawful or violent conduct towards homosexuals, should the law intervene?

Mr. Carmichael: There is no single answer to that question. There are certainly clear areas where it is in public policy interest that we should prevent hatred and racial hatred is now accepted as being one of the most important areas. Our view is that we do not think that the creation of the new offence of religious hatred is within the ambit of public policy or what is desirable under it.

Mr. Hogg: I agree with the hon. Gentleman, but why should stirring up racial hatred by itself be an unlawful offence? Should we not be saying that hatred becomes criminal if it is likely to result in unlawful conduct towards the group brought into that state of hatred?

Mr. Carmichael: That is an interesting point of view, and if we were starting with a blank sheet of paper I would be minded to explore it with the right hon. and learned Gentleman. I am mindful that we are beyond Second Reading and I do not want to pursue this at too much length because we are where we are. We have the now-accepted position in law of the illegality of inciting somebody to stir up racial hatred. The right hon. and learned Gentleman suggests that it would be preferable to make hatred leading to some further unlawful act an offence. It is an interesting discussion, but the debate has moved on beyond that.

New schedule 1 is the crux of the issue and is about trying to make the Bill workable. It would be helpful to read it briefly into the record. It brings with it a definition of racial hatred, which it seeks to define as hatred

"against a racial group, of persons defined by reference (whether directly or indirectly) to colour, race, nationality, (including citizenship) or ethnic or national origins ('a racial group')."

It goes on to say that, in the section,

"'an indirect reference' means a reference to religion or religious belief or to a person's membership or presumed membership of a religious group as a pretext for stirring up racial hatred against a racial group . . . 'religious group' means a group of persons defined by reference to religion or religious belief."

It is our view that that brings with it the answer to the problem that the Government have identified. I am not entirely persuaded that the problem is more real than apparent, but to take them at face value—to accept that they are acting in good faith—what we have here is a fairly elegant expression of the law as it currently stands.

The provision would put beyond doubt the fact that a Muslim—as distinct from a Jew or a Sikh, who has the benefit of coverage in relation to racial hatred or on the basis of mono-ethnicity—would be covered in circumstances where hatred was intentionally racially motivated. I am inclined to say that that is already the case. It certainly seems to be the view of a number of commentators who are better qualified in law than me, including my noble and learned Friend Lord Lester. I hope that the Minister will reconsider his somewhat inappropriate remarks about the motivations of Lord Lester. In the first sitting in Committee, the Minister suggested that my noble and learned Friend

"understands precisely that it would not work in practice and that is why he makes the proposal."—[*Official Report, Standing Committee E,* 28 June 2005; c. 27.]

I have to say that that was one of the few occasions on which the Minister fell below the standard that we usually expect of him in Committee. Frankly, it was an unworthy remark about someone with the pedigree of my noble and learned Friend. I hope that the Minister will feel that it is possible to be a little more generous about him today.

Chris Bryant: There is a point that the hon. Gentleman does not seem to understand. However attractive Labour Members found the Lester amendment, we believed that some people would choose to incite others on the basis of their religion—the hon. Gentleman would say, as a proxy for their race—and that the Lester proposal would incentivise people to act that way even more. It provides a clear get-out clause for those who are referring only to religion by virtue of religion. That is the problem.

Mr. Carmichael: If the hon. Gentleman is talking about people who are being attacked on a theological or doctrinal basis, rather than as a proxy for race, I believe that that is perfectly proper. I do not believe that the law should protect people from attacks on either theological or doctrinal bases. Furthermore, if it is anything other than that, I have to tell him that it would be covered by the terms of the new schedule, which I invite him to reflect on more closely and carefully.

Our other concern is that the Government have adopted a very narrow approach to the Bill. If we are to deal effectively with religious hatred, we cannot deal with it in isolation. We have to recognise that the reform of the law of blasphemy is long overdue. That law, which provides protection only to people in the Church of England rather than Christians as a whole, is a law that has long since outlived any useful purpose that it may ever have had. In that regard, I want to mention amendment No. 12, which is proposed by my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris). He has tabled the provision in a personal capacity, but I want to make it clear that I have absolutely no difficulty in supporting it and that I commend him for introducing it.

The other important element of the new schedule is what I would call the free-speech rider in paragraph (3), which suggests that

"It shall not be an offence under this section if the activity consists of . . . criticising the beliefs, teachings or practices of a religion or its followers, for example, by claiming that they are false or harmful; . . . proselytising one's own religion or urging

followers of a different religion to cease practicing theirs; . . . expressing irreverent comedic comments about religion or belief; its worship, teaching, practice or observance; . . . expressing antipathy or dislike of particular religions or their adherents."

A significant distinction may be drawn between that free-speech rider and the one in new clause 2, proposed by the hon. Member for Beaconsfield. My provision is about protection of free speech, whereas he invites us to accept a condemnation of speech that is used to justify violence. I wonder if he might have been better advised to finish his new clause after the words

"belief or lack of religious belief".

It would then read simply:

"Nothing in Part 3 of the Public Order Act 1986 . . . shall be read or given effect in a way which restricts or prohibits freedom of speech or expression on any matter of religious belief or lack of religious belief".

Thereafter, the operation of the new clause becomes problematic. I appreciate why he brought it forward and I am broadly with him, but I see some difficulties with the wording.

Mr. Grieve: I have to say that if I were to confine my remarks to those phrases, it would mark the end of the Bill. That might be a very good thing, but I tried to be realistic. Without any qualifying element, we would be saying that freedom of speech cannot be restricted in respect of

"any matter of religious belief or lack of religious belief".

It seems to me that that amounts to the end of the Bill in its entirety.

Mr. Carmichael: Perhaps the hon. Gentleman has read my mind and realised why I was so keen on that rather truncated version of events. New schedule 1 would not introduce the concept of incitement to religious hatred at all; I appreciate the hon. Gentleman's point that he is trying to make the best of the Government's rather poor job on this provision.

That covers the essential aspects of new schedule 1. The question was raised in Committee whether the Bill would provide protection for what were broadly referred to as white Muslims. I have to say that I accept now as I did in Committee that that is very much the case. In order to justify a measure of this nature, I have to tell the Minister that I would need to be persuaded that there was a significant and pressing problem. I have not yet seen such evidence—*[Interruption.]* Perhaps we are about to be provided with it.

Sir Peter Soulsby: The point made in Committee that still applies now is that it is not just a question of giving protection to white Muslims. There are many Muslims in many mosques, just as there are many Christians in many churches: people from many different racial backgrounds are represented. Somalis, Pakistanis, Kosovans, Indians, Bangladeshis, people from Saudi Arabia and from many other countries are represented in mosques in this country. The point of new schedule 1 is that it would enable those who wished to whip up hatred against any of those people in a particular mosque—as, indeed, in a particular church, which may have many different ethnic and racial groups present—to do so. It would provide the perfect excuse for someone to point to a mosque and say, "Look, there are many different racial groups there and I am not, of course, whipping up hatred against any of those particular groups because—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman is exceeding the bounds of an intervention. May I say to the House that interventions are generally becoming rather discursive? There is limited time for debate and some hon. Members are seeking to catch my eye.

Mr. Carmichael: Thank you, Mr. Deputy Speaker. I think that I get the hon. Gentleman's drift. He has to have regard to the very wide terms in which racial hatred is defined in paragraph 1 of the new schedule, which would catch most of the circumstances that he mentions.

Mr. Gordon Prentice (Pendle) (Lab): Since 2001, it has been possible for offences to be religiously aggravated. What discussion was there in Committee on that point?

7 pm

Mr. Carmichael: The hon. Gentleman can read *Hansard* for himself if he wants to know the answer to that direct question. There was discussion, and there is a clear distinction to draw. A religious aggravation would essentially always exist in the first place whether or not expressly provided for in statute, and I accept that that has been quite effective. That is a very different thing, however, from the introduction of the concept of incitement to religious hatred as an offence per se. That distinction between the offence per se and the aggravation is an important one to bear in mind.

I am mindful that others wish to contribute and do not wish to take up too much of the House's time. I wish, however, to say a few words about the other amendments.

On new clause 4, I was interested in the views of the hon. Member for Cannock Chase. He clearly comes at the point from a direction similar to that from which my hon. Friends and I come. I wonder whether his term "offensive language" is essentially different from the "insulting" language that is already part of the Public Order Act 1986. I wonder, indeed, whether there might be some practical considerations there. In broad terms, however, if this were an earlier debate on an amendment, I would have little difficulty with it.

The question of the various definitions of religion provided, as the hon. Member for Beaconsfield said, a tremendously interesting and—at times—entertaining discussion in Committee. All that the hon. Gentleman really does here is highlight further the nonsense in the Government's position and the difficulties that arose when they embarked on the position that they have insisted on taking.

Finally, the amendments that would effectively introduce a crime of intent are interesting and should have been considered much earlier. That would be an important protection against the erosion of free speech, which concerns us. However, we have been round that course already, and I fear that those amendments will have little more joy than most of the others we have pursued today.

Chris Bryant: It was a delight to hear earlier from the hon. Member for Beaconsfield (Mr. Grieve) that he has achieved a new degree of realism in his approach. I note

[Chris Bryant]

that one of his amendments is subtly different from one he tabled in Committee. In trying to define religion, his previous amendment said that one of the groups that should not be covered included those who were believers in the supremacy or superiority of one gender over another. He has ditched that point in his new amendment, so I am not sure whether he now believes that those people should have protection under the law because he subscribes to that view himself, or whether he is just trying to steer clear of today's debate in the General Synod of the Church of England.

Mr. Grieve: I suppose that I have to admit that I tabled that amendment in Committee slightly tongue in cheek. When I came to define the terms for the purposes of Report, I thought that I ought to try to identify those who might be generally thought to be people whom individuals would dislike. I do admit that the gender issue is rather controversial in the context of the Christian practices of the Anglican faith, of which I am a member.

Chris Bryant: I have to say that I do not think that that is controversial at all. Men and women are equal. They should be equal under the law and, for that matter, in religion. We look forward to women being ordained as bishops and the Church agreeing to that. This, I know, strays some considerable way, Mr. Deputy Speaker, from the purpose of the Bill and the amendments before us.

I start from the fundamental belief that freedom of speech and freedom of religion are intrinsic to the democracy in which we all want to live. I want to live in a society in which nobody feels cowed or timid in the expression of their freedom of speech or their freedom of religion. One of the points of debate here is that many of us on the Labour Benches perceive that not everybody in this country equally enjoys the right to express their religious belief, and to join in that belief by association with others. That is the problem that we are essentially trying to address.

We believe that there is an injustice in the law as drafted, which allows protection, as many Members have mentioned, by race and, therefore sort of, by proxy, allows for those whose race and religion so overlap that the overlap is almost complete. Therefore, Hindus and Jews are allowed protection under the law—

Simon Hughes (North Southwark and Bermondsey) (LD): Sikhs.

Chris Bryant: Sorry; I mean Sikhs and Jews. They are allowed protection under the law, but many other groups are not.

Mr. Carmichael *rose—*

Dr. Evan Harris *rose—*

Chris Bryant: I have to choose between two Liberal Democrats, so I may get completely conflicting views.

Mr. Carmichael: It is not unusual for us to hear two conflicting views from the hon. Gentleman, and there is only the one of him. He misrepresents the position. The protection afforded to Jews and Sikhs is against racial hatred, not religious hatred, and that is provided only on the basis of the fact that one judgment took the view that they are monoethnic.

Chris Bryant: Perhaps the hon. Gentleman thinks that I say two different things because he does not listen as clearly as he might. That is, I think, precisely the point that I just made.

Dr. Harris: I agree entirely with the point made by my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael).

Chris Bryant: Well, we have achieved something here today—the Liberal Democrats agree with one another. To be fair, there are many issues on which I agree with the hon. Member for Oxford, West and Abingdon (Dr. Harris).

The point is well made that Sikhs and Jews were not originally afforded any protection under the law. Subsequently, by virtue of the overlapping of their racial and religious grouping, they have ended up receiving protection, not for their religion but by virtue of their race.

Dr. Harris: The hon. Gentleman has, I think, misunderstood the law. The Bill says that incitement to racial hatred would be made unlawful, and defines that by reference to cultural groups, race and so forth. What case law did was to identify that, by definition, Jews, when subjected to incitement to racial hatred—not doctrinal or theological criticism—were covered. That is not something that they have gained; they were always covered, and case law has demonstrated it.

Chris Bryant: Consequently, Jews and Sikhs are protected under the law, not by virtue of their religion, but by virtue of their race, because there was a definition that that constituted their race. The hon. Members for Oxford, West and Abingdon and for Orkney and Shetland (Mr. Carmichael) are trying to draw a very narrow distinction, on which, I think, we are all agreed. I am grateful to them for helping me to tease out the point.

The important point we are trying to make is that the particular injustice that we believe exists under the law encourages racists to express their hatred and incite hatred in relation to people's religion rather than their race, even when their hatred would probably be directed against their race.

I shall come to whether religion is something one chooses or something that is given and how one should address that question. It seems clear, however, that if it is possible to differentiate between the sin and the sinner—if, in other words, it is possible to hate the sin but love the sinner—it must surely be possible to hate a religious belief, or disagree intrinsically with it, yet still like, or indeed love, the person who holds that belief. Equally, it must follow that it is possible to protect the believer and leave the belief to fend for itself. That is what I believe the Bill will do.

Dr. Harris: I have raised this point when other Members were speaking, and it was first made by the hon. Member for Cannock Chase (Dr. Wright). Should it be possible, even if it is not the style of the hon. Member for Rhondda (Chris Bryant) or me, to urge people to hate homophobic religious bigots? In the example of Christian fundamentalists, that could be urging people to hate the people not the belief. Should that be made a criminal offence?

Chris Bryant: I do not think that that example entirely falls within the ambit of the Bill, and it should not do so. The point was raised earlier that many would debate whether someone's sexuality is a fixed or chosen aspect of their life. The hon. Member for Oxford, West and Abingdon shrugs his shoulders, but that is a material consideration because many people have advanced the argument that the law is not good enough because one does not choose one's race but one does choose one's religion. The point that many Labour Members would make is that the percentage of people who actively choose their religion is remarkably small. One of my hon. Friends pointed out earlier that people can change their religion, but I still believe that just as it is wrong to judge somebody on the basis of the colour of their skin or their gender—or, for that matter, their sexuality—it is wrong and just as irrational to judge somebody, or think of them as a lesser person, on the basis of their religion.

Philip Davies: The hon. Gentleman fails to say why political belief should not fall into that category. Tony Benn, the former MP for Chesterfield, famously said that he was born in the Labour party and he will die in the Labour party. If people can be born into a religious belief, can they not also be born into a political belief? Why is that not covered in the Bill?

Chris Bryant: That is rather the point that I was trying to make. I do not think that we need to stray down that route, and nor should we stray down the route of incitement to homophobia, although some of the most offensive and insulting material that I have ever seen was from some Christian organisations in relation to homosexuality. Some of the views espoused by, for example, Belfast Pride, which pretends to support homosexuality but in fact viciously attacks it, are very unfortunate.

Dr. Harris: Leaving homophobia aside, the hon. Gentleman says that he is happy that we should hate religious bigotry, but that it is not his style to say that we should hate religious bigots. That is fine, but should it be criminal for other people who do not share his style to say that we should hate extreme religious bigots? Should it be criminal to do so?

Chris Bryant: I am saying that it is possible to differentiate between the belief and the believer. It is also possible to differentiate between merely saying some words that other people might find offensive and deliberately seeking to incite other people to hate a group of people by virtue of their religious association. The latter is irrational and wrong and the law should criminalise it. That is why, broadly speaking, I support the Bill.

Lynne Featherstone: The distinction between the belief and the believer depends on the person making the distinction. A good person with love in their heart will be capable of hating the belief and loving the believer. But if a person has hate in their heart, they will be unable to do so.

Chris Bryant: I am hesitant to start talking about good people and bad people. I remember when Jesus was described as good and he asked why he was being called good, because there was only one who was good. It is not helpful to go down that route when considering these amendments.

Dr. Tony Wright: I was troubled by the last intervention and I wish to pin my hon. Friend down on the issue if I can, because it goes to the heart of worries about the Bill. I want to be able to say that I hate religious bigots and religious bigotry. I want to go around urging other people to hate religious bigots and religious bigotry. Why am I to be prevented from doing that, as the Bill suggests?

Chris Bryant: Far be it from me to stop my hon. Friend doing anything. It seem to me that it is wrong to go out on the street and incite people to hate others because they are Muslims. We know that that is happening. My hon. Friend the Member for Dewsbury (Mr. Malik) said in his maiden speech, on Second Reading, that people used to call him a Paki, but now they accuse him of being a Muslim, in a very derogatory way. Such behaviour should be caught under the Bill.

Mr. John Grogan (Selby) (Lab): Would not the example that my hon. Friend gives be covered by new schedule 1? In our manifesto, which I carry with me at all times, we promised that we would give people of all faiths the same protection against incitement to hatred on the basis of their religion. Could it not be argued that the Lord Lester amendment fulfilled that commitment?

7.15 pm

Chris Bryant: We have had that conversation in Committee and this evening.

I tabled amendment No. 11 for a specific reason to do with the performance of plays. I said earlier that I believed that we should have as great a degree of freedom of speech in this land as is commensurate with others enjoying their rights to express their religion. Therefore, we should have a high hurdle for an offence to be committed in the production and performance of a play. For instance, many people might advance the argument that parts of "The Merchant of Venice" are offensive and insulting to Jews or Christians. Indeed, an individual production of that play could be extremely offensive and insulting to one of those religions. The character Barabas, in a play from a similar period, "The Jew of Malta"—I apologise to members of the Committee who have heard this before—says:

> "I have been zealous in the Jewish faith,
> Hard-hearted to the poor, a covetous wretch,
> That would for lucre's sake have sold my soul".

Some might believe that putting on a play that portrays Jews as covetous and hard-hearted to the poor would fall foul of this Bill, so it is important that we ensure that no one would do so by putting on a production of "The Jew of Malta".

Mr. Grieve: The hon. Gentleman is arguing that a high test is necessary, but does he agree that being hated, on its own, does not prevent anyone from going about their lawful business? It may be an unpleasant phenomenon to be hated, but unless that hatred is translated into overt acts of discrimination, hostility or violence, it is just one of those things that people have to face. Is not that the issue that we have to consider?

Chris Bryant: I am sure that the hon. Gentleman is right in one sense, in that if there were to be a law preventing people from inciting hatred of politicians, we would be in a right mess. The point that the Opposition would not accept in Committee—although we advanced it on several occasions—was that whereas some people might want an offence to be committed only if the incitement led directly to acts of violence, many of us think that if someone incites hatred of a group of other people, they increase the likelihood of violence towards them even if the relationship is not directly provable. That is the element of the tide of hatred that we want to wash further back down the shore. I accept, however, that many hon. Members think that that is impossible and that the Bill will not achieve that.

My point about the performance of plays is that the National Theatre might want to put on a play about incitement to religious hatred. A young woman from the east end of London might write a play that articulated in strong and effective fashion her profound dislike of what Islam had done to her family and her community, or she might point to some of the disagreements within the Muslim community in the east end of London. The director of the National Theatre should have every right to put on such a play. However, if the head of the British National party presented a play with similar themes to the National Theatre, I hope that the director would take a different attitude and would consider whether, in the circumstances, that might be an incitement to religious hatred.

Sir Patrick Cormack: Would the hon. Gentleman's amendment extend to the classroom or the lecture theatre, so that teachers of literature can analyse the sort of play about which he is talking? Would the freedom he wants to give the stage extend to the academic world?

Chris Bryant: I am about to come on to some complex aspects of the Bill's wording. So far, I have deliberately looked only at the performance of plays, but many people have advanced arguments that the freedom of expression should extend in other ways. Section 20 of the Public Order Act 1986 refers exclusively to plays, which is why, because the Government want to amend that, I have introduced an amendment on the point.

Mr. David Winnick (Walsall, North) (Lab): My hon. Friend referred to "The Merchant of Venice". I believe that the play is anti-Semitic, although Shakespeare did not intend that when he wrote it. However, it reflected the ingrained anti-Semitism in Christianity that has, I hope, been seriously undermined in the years since the holocaust. It is interesting that no attempt has ever been made under the provisions of the incitement to race hatred laws to stop a production of the play—rightly, because any attempt to do so would be ridiculous.

Chris Bryant: That is precisely the point that I was about to make. As far as I am aware, there has been no instance of the Public Order Act being used against the performance or production of a play. The definition of "play" specifically includes improvised performances, which is why the Act includes an explicit defence for a director who might not realise that particular words might be spoken or used.

The Government want to change part of the original Act, and it is that change that I want to question. I am worried that the hurdle set in that measure will be lowered by the Government's change. Is the hurdle high or low, as constructed at present? To prove that there has been an offence, there must have been threatening, abusive or insulting language or behaviour as part of the play. That is moderated in the original Act by the defence that the producer or director did not know and had no reason to suspect, that the offending words were threatening, abusive or insulting.

The second point that must be proved is intent. It is of course much easier to prove intent in some forms of the criminal law than in others. It is much more difficult in the cases covered by the Bill. If someone thrusts a knife into another person's chest, one can assume that he intended to kill the other person. In a case where certain words are said or used, it is not so easy to prove intent. Consequently, as the hon. Member for Beaconsfield pointed out, there is a second likely limb under the 1986 Act, which is that

"having regard to all the circumstances (and, in particular, taking the performance as a whole) racial hatred is likely to be stirred up thereby".

That is what the Government want to change.

I believe that the Government's change will lower the hurdle in the second proposed subsection. The hurdle for the offence would be extremely low if it was that any person who might come into the theatre might be incited to religious hatred. Indeed, the person might already have religious hatred in their heart, which would be highly problematic. However, I assume that that is not what the Government intend; they intend the provision to apply to a person who is reasonable, yet if the test was whether a reasonable person might be incited to religious hatred the difficulty is clear, as most of us in the Chamber would say that no reasonable person could be incited to religious hatred.

It is unclear what the Government are hoping to catch by the change. I understand that they want to keep the likely limb as nearly identical as possible for each section of the 1986 Act. I understand their argument, but I do not accept that, with reference to material that might be published or posted outside someone's house, or words that might be said, the provision does not need a definition of the audience. At the public performance of a play, the audience is predetermined; people have paid for their tickets to go to the theatre to see the play. I worry that the Government are lowering the hurdle by creating an unnecessary offence in relation to the production of plays. The situation could be better clarified by the change that I suggested—going back to the provisions of the original 1986 Act in relation to plays.

Mr. Heath: Will the hon. Gentleman give way?

Chris Bryant: I was just about to stop, but I will give way to the hon. Gentleman.

Mr. Heath: I hope that the hon. Gentleman will carry on because he is doing an extremely good job of demolishing the internal logic of the Bill. Indeed, if the Government do not accept his amendment, I strongly suggest that he votes against the Bill on Third Reading. However, I cannot understand why he limits the difficulties that he has exposed to plays and not to the other spheres that the rest of us recognise pose equal difficulties for the wording of the Bill.

Chris Bryant: It is because the change to the likely limb in each of the other clauses will have a different effect from the change to the likely limb in section 20. If the hon. Gentleman looks closely at section 20, he will see that I am right.

There are plenty of hedges around the offence relating to the production and performance of plays, not least the defence that the wider context of the play must be borne in mind. That is why the Minister will probably tell me that the director of the National Theatre has every freedom to produce plays such as "The Jew of Malta" or "The Merchant of Venice", or a play written by a young Muslim woman from the east end of London that exposes problems in her community that she believes have stemmed from Islam. Such a play might even show some very unpleasant aspects of Islam, as she sees it, and might even include language that was extremely aggressive, threatening, abusive or insulting to Islam, because some of the characters might have to present such attitudes for the presentation to be effective. Indeed, many people might find elements of the novel "Brick Lane" by Monica Ali, if put on stage, offensive, insulting and so on.

The wider context of a play must be borne in mind under the Bill. Intent must be borne in mind, and I believe that the Government are weakening the likely limb unnecessarily. I hope that the Minister will be able to give me some comfort in his reply.

Mr. Gary Streeter (South-West Devon) (Con): It occurs to me that the longer we go on discussing this group of amendments, the less clear it is exactly what will and what will not be caught by the Bill. One of my fundamental problems with the legislation is that, unless it is amended—I shall discuss some of the specific amendments very briefly in a moment—and if it passes into law in its current form, I believe that we are in danger of stoking up difficulties between various communities. There is such uncertainty about what the Government intend and such uncertainty about what is and is not caught that the Bill will not help community relations and is likely to inflame them.

The Government have chosen their Minister with great care. He has been extremely courteous throughout the proceedings that we have enjoyed together. He is obviously a very reasonable man. He is, quite honestly, the right face to introduce legislation of this kind, but I can imagine the tactics meeting at the Home Office after the Bill's consideration in Committee, bearing in mind the lobbying that was going on, and I can imagine the Minister saying, "Look, we've got to give way on something in the Bill. Let's find the smallest possible amendment that we can concede, and we'll completely block the rest." What the Minister has done successfully—I welcome the concession that was made in the previous group of amendments, which, of course, I will not discuss now—is to deal with the speck of sawdust, leaving the plank lying in the middle of the Chamber for us all to trip over. Unless one of the amendments in this group is accepted, I do not think that the Bill will become law; nor should it.

7.30 pm

A number of excellent points are made in many of the amendments, which I should like to touch on briefly. I will be mercifully brief. I am a very fair-minded person, so I want to touch first on new clause 2, tabled by my hon. Friend the Member for Beaconsfield (Mr. Grieve), the broad thrust of which I support. However, the word "tone" worries me slightly. I can imagine occasions on which the hon. Member for North Antrim (Rev. Ian Paisley) could be in his pulpit and expounding a very important religious doctrine, of course, very reasonably indeed, but perhaps in a tone that might fall foul of my hon. Friend's new clause.

I certainly support new clause 4, which would provide the kind of balance that we are looking for in the Bill. At the moment, it is not clear that the Government do not intend to clamp down on the kind of religious freedoms, discussions, discourse and even the kind of cynical lampoonery that I do not often enjoy and often find distasteful when poked at other people, other religions, other political parties and so on, but that is none the less an important part of a healthy democracy. New clause 4 has a lot to commend it, and if the Government cannot go all the way and accept new schedule 1, I hope that they will at least look seriously at new clause 4.

I think it particularly important that proposed new paragraph (3) in new schedule 1, or something like it, be incorporated into the Bill, because it gets to the heart of the matter. Why were 2,000 reasonable people outside Parliament campaigning against the Bill earlier today? I am not sure whether they are still there. Why have we been lobbied so extensively on the Bill by a lot of people who do not normally take the trouble to write to their Member of Parliament or to come to see us at our surgeries? Why is that happening? It is happening because a lot of genuine, decent people, many of whom hold their own religious beliefs very passionately and sincerely, are very scared indeed that the Bill will in some way curtail their freedom of religious belief and religious expression. They fear that the Bill, cloaked in uncertainty, will in some way undermine their ability to preach their gospel, to expound their faith and to contrast and compare other religious beliefs freely, sincerely and passionately. That is why people are demonstrating in Parliament square today, and it is why we have received so much lobbying. No matter how many ministerial assurances we receive, we have all heard them before. Ministers come and Ministers go. Unless we place something in the Bill that makes it abundantly clear that that is not what the Government are seeking to do, the Bill will not attract widespread support, and it will be poor law.

Even if the Minister cannot accept new schedule 1 or part of it, I hope that the Government will be able to introduce in another place an amendment, drafted by experienced parliamentary draftsmen, that deals with the substance of proposed new paragraph (3) in new schedule 1. I am repeating myself so that the Minister, who is returning to his place, absolutely understands that we must have something in the Bill that gives

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comfort and reassurance, as well as legal protection, so that people from all faiths in this country are free to expound their faiths in the years to come.

I enjoyed what has been said about amendment No. 9, tabled by my hon. Friend the Member for Beaconsfield. It is very important to discuss what we mean by a religion. We had a bit of a discussion about Satanists—we do not often do so in the House—during our proceedings in Committee. I should like to ask the Minister whether he thinks that Satanism is a religion. He many want to leap to his feet to intervene now; he may want to deal with that in his winding-up speech. He is itching to move. I think that he is about to intervene, and here he goes.

Paul Goggins: I will intervene if only to apologise to the hon. Gentleman for having to leave the Chamber for a short period. Given the considerable discussion that we had in Committee, he knows that it has never been the job of Parliament to define in statute what is and what is not a religion. We have left that to the courts, and it is right that we do so because a religion may change over time.

Mr. Streeter: I am so pleased that the Minister replied as he did, because it seems to be absolute and utter evidence for the fact that we are legislating completely in the dark. We do not know what we are trying to stop and what we are not trying to stop. We do not even know what a religion is. The Minister who is responsible for introducing the Bill cannot tell the House today whether or not Satanism—the worship of the devil—is a religion in this country.

Paul Goggins: The hon. Gentleman leaps a few steps further, because he will also know from the discussions that we had in Committee that we do not just leave such things to the courts in a haphazard way. The courts take their responsibility very seriously. We have Strasbourg case law, as he knows, which requires a religion to have a level of cogency, seriousness, cohesion and importance, and to be worthy of respect in a democratic society, and in the case of Campbell and Cosans, to be compatible with human dignity. Some of the so-called religions in amendment No. 9 fall well short of that description.

Mr. Streeter: So is Satanism a religion or not? It is no good the Minister giving me the empty theory. I ask him a practical question that could well come before a court one day, and he cannot answer it.

Mr. Grieve: I am surprised to hear that the Minister cannot answer that question because a Department—the Ministry of Defence—saw fit to recognise the Satanist worship practices of a seaman on one of Her Majesty's ships and to provide him with a cupboard in which to keep his paraphernalia for his worship. So in those circumstances, I should have thought that, unless the Minister wishes to disown the Ministry of Defence, he has already indicated that the Government take the view that Satanism is a religion.

Mr. Streeter: Exactly my point. We are legislating blindfold. We are trotting through a minefield—perhaps galloping through one—and unless the Minister can give us reassurance and clarity in the Bill, it is destined for difficulty.

I should like to conclude on this group of amendments by saying that we all support the Government's desired outcome. We want to live in a tolerant and free society, where any member of a religion, even one currently under pressure, has the freedom to express their belief. People should not be persecuted, hassled, bullied, abused or assaulted because of their religious beliefs. However, I believe that the existing law is satisfactory to give adequate protection to people who adhere to those religions at the moment.

I believe that a more robust approach by the Crown Prosecution Service and the police in every locality where allegations of abuse and victimisation are made is the solution to any such problem. The Minister and the Government have never been able to justify with examples why they have introduced the Bill. Uncertainty and lack of clarity is written through every line. Unless an amendment is included in the Bill to make it clear that we will still enjoy religious freedom in this country when the Bill is enacted, it should not pass into law. The Minister ought to support one of these amendments.

Mr. Winnick: I have one or two concerns that are more or less expressed in new clause 4, but if I had any doubts in my mind about the necessity for this measure they would be overruled by the present situation. Clearly, at a time when—this has unfortunately already occurred over the weekend—some hate-mongers are trying to brand the whole Muslim community as being responsible for the atrocities that occurred last Thursday, the law needs to be changed to provide protection.

I understand some of the concerns—I shall express one or two myself—but when I listen particularly to Opposition Members telling us what frightful consequences will occur, it reminds me, as I have mentioned before, that when we were dealing with incitement to race hatred almost 40 year ago, we were repeatedly told that the law was all right as it stood, that civil liberties should not be undermined by what was proposed, and that free speech was absolutely essential. I come back to this point: as a result of what was passed nearly 40 years ago against a good deal of opposition, are we less free as a country? Have our civil liberties been undermined? Have special privileges been given to any particular minority, be that Jewish or Hindu? It is nonsense to suggest that that is the case, so I make the point that some of the fears about the Bill are irrational. They are no more likely to come about than anything that was predicted as a result of the legislation passed in the 1960s.

Philip Davies: Does the hon. Gentleman accept that although one can stop people saying things that one does not like, one cannot stop them thinking things that one does not like? There were no British National party councillors anywhere in the country in 1997, but there are 20 in 2005, a fifth of whom are in the Bradford district. The Bill will add to the burden of political correctness in this country that causes people to think that they cannot say things. It will thus create a

recruiting sergeant for the BNP because people will think that if they cannot speak out freely, the only way in which they can express their view is by voting for nasty, horrible parties such as the BNP.

Mr. Winnick: If the hon. Gentleman is genuinely concerned about fascism in whatever guise it takes—the National Front, the BNP and all the other riff-raff and detestable rubbish who want to incite as much hatred as possible against various ethnic minorities—I invite him to campaign vigorously against fascism in his constituency and join the national campaign. If he wants to be more actively involved in fighting fascism, as he should be, "Searchlight", an anti-fascist magazine, will give him and his colleagues every assistance.

I do not understand the difference that some hon. Members have cited between race and religion. We are told that we cannot change our race—well, we know that we cannot do that even if we wish to do so. Disraeli remained Jewish no matter how much he adhered to the Christian religion. Race is race. Obviously, when it came to systematic mass murder, the Nazis did not go round asking whether people believed in a religion or not—they would murder them. If the second world war had had a different outcome, my family and I would certainly have been murdered by the time I reached 11.

Although I understand these matters, I do not think that there is such a clear distinction. I do not have any religious beliefs or affiliations. Although it is true in a way that there is a difference between race and religion, anyone who is born into a religion does not lightly give it up. People are indoctrinated by their parents, and that happens in all religions. Some of us decide to leave religions later in life, but the majority of people are keen to remain affiliated to a religion when it comes to marriage or their wishes when they die, even if they do not adhere to the religion. I do not think that there is the clear distinction that some hon. Members wish to draw. They suggest that there is a sheer, clear divide between race and religion, but people are born into a religion, remain in a religion and are often persecuted because of that religion. We should try to avoid making a clear-cut distinction that is not really real.

Mark Pritchard (The Wrekin) (Con): Religion is of course a matter of choice, rather than a matter of birth. Will the hon. Gentleman give the House an example of a situation involving religious hatred that could not be dealt with already by existing Public Order Acts and would thus require the Bill? I think that he will struggle to do so, because the Government Front-Bench team has struggled for weeks to give a single example of a situation to explain why the Bill is needed to replace anything already on the statute book.

Mr. Winnick: To a large extent, the hon. Gentleman is putting forward arguments that were made almost word for word 40 years ago. If he goes to the Library at some stage and looks up those debates, he will find that his predecessors on the Conservative Benches—although very few Labour Members—said what he is saying word for word.

Mark Pritchard *rose—*

Mr. Winnick: I will not give way, if the hon. Gentleman will forgive me.

Why are the Government introducing the Bill? The hon. Member for The Wrekin (Mark Pritchard) seemed to suggest that it was purely a cynical move to get Muslim votes, but I do not believe that that is the case at all. The Government might be misguided and mistaken, but that is not my view. Unlike what happened nearly 40 years ago, the Bill might not be successful, but the Government have the genuine motive of trying to protect the interests of a group of people who have been harassed because of their religion. The Government believe that those people should have the same protection as that given to Jews and Hindus.

7.45 pm

I now turn to the new clause tabled by my hon. Friend the Member for Cannock Chase (Dr. Wright). Despite what I have just said—I hope that this does not contradict what I have just said in any way—I want the Government to make it clear, even if they cannot do so in the Bill, that if the Bill is passed into law, as I hope it will be, we will not find ourselves in a position in which it will not be possible to criticise religion. I do not want that situation to arise and I hope that Home Office Ministers share my sentiments. Rowan Atkinson has made some valid points. I understand his concerns that there might be a danger that the sort of material often used by artists like him could be declared unlawful as a result of the Bill.

Chris Bryant: Has Rowan Atkinson really made any decent points on this? If his reading of the legislation were correct, the Public Order Act 1986 would have prevented Jim Davidson from making most of the jokes that he has made for the past 20 years, but it certainly has not.

Mr. Winnick: No doubt my hon. Friend is right. However, it is essential that the criticism of religion does not become unlawful in any way. I am reminded of the film "Life of Brian", which some found amusing, although those Christians who were deeply religious probably did not. I would not want such a film to be prohibited. I want a situation in which other religions—why should it be only the Christian religion?—could be subject to the same sort of criticism and ridicule. I doubt whether "Life of Brian" undermined the faith of Christians in any way; their faith, and especially that of strong believers, was unlikely to be undermined by a film.

Mr. Grieve: I share the hon. Gentleman's sentiments, but the current wording of the Bill implies that "Life of Brian" or any other lampoon might be criminalised. It only needs to be established that a lampoon is viewed as insulting in the minds of the people being lampooned. Once that trigger has been passed, if the material is likely to be heard by people who are likely, on that basis, to be incited to the hatred of a person's religion, the offence is established in law, so only the Attorney-General stands between the lampoon and prosecution.

Mr. Winnick: Ministers have disputed that and I hope that the hon. Gentleman's assertion is not the case. However, I would not be making a speech if I did not have some worries and reservations, because it is pretty obvious that I strongly support the Bill and think that

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it is necessary, I hope that the hon. Gentleman will not consider it offensive if I say this, but although I could be wrong, I think that I remember his late father, who was a distinguished Member of the House, criticising the measure about which I have already spoken, so perhaps he is following his father. *[Interruption.]* I am sure that it is a distinguished tradition.

I tell my hon. Friend the Under-Secretary that the concerns that I am expressing as a supporter of the Bill will undoubtedly be expressed by some in the House of Lords who do not support it. I thus think that it would be appropriate to find words to make it even clearer than it is at present that the Bill will not make the criticism or ridicule of religion unlawful in any way and that the Rowan Atkinsons and material such as "Life of Brian" can go on. That is important. If it were otherwise, ammunition would be given to the critics. Those who are now so critical would say, "We were right," and I do not want them to be right. Instead, I want this measure to be successful. If it is to be successful, the concerns that have been raised by supporters of the Bill, such as myself, should be met.

Dr. Evan Harris: I support new schedule 1 and amendment No. 1, the paving amendment, which we have indicated that we would want to see pressed to a Division unless the Minister says that he is prepared to accept it. I hope that there will be a vote on amendment No. 1.

Given what has been said by the hon. Member for Walsall, North (Mr. Winnick), it is important to recognise that there is little difference in motivation between many of us on both sides of the House, including those Labour Members, who have a proud history of seeking to combat racial discrimination and incitement to racial hatred. I understand that some Labour Members represent constituencies where they see similar things happening in the name of religion and that, therefore, there is a need to tackle the problem. I recognise that their motivation, and that of the Government, is in this respect entirely legitimate.

I hope that it is understood, when choosing between the Government's form of the Bill and the form of the Bill that would be established by the introduction of new schedule 1 and the consequential amendments, that we are talking about a difference in the way of dealing with the matter and how we find the balance between tackling the mischief that is abroad in society—attacking individuals and groups of individuals, and inciting hatred against them on the one hand, and the need to protect freedom of expression from the criminal law and from investigation and near prosecution by the prosecuting authorities and the police, and from the need to self-censor to a far greater degree than is currently the case.

I hope that I pass what I think should be the Gorton test. On Second Reading, the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) made a point that, no doubt from his perspective, he felt was fair. He said:

> "The problem with interventions by Conservative Members is they are totally unrepresentative of the population as a whole in that hardly any of them are open to the kind of humiliation that many members of our communities are open to. If they were, they would not be criticising this legislation."—*[Official Report,* 21 June 2005, vol. 435, col. 674.]

I have been subject to anti-Semitic attack, physical and verbal. Given what the hon. Member for Walsall, North has said, I should point out that for 20 years, if not longer, I have subscribed to "Searchlight", a magazine that has kept these matters afloat through the difficult eras and the healthy eras. I hope that Labour Members do not take the view that there may be some on the Opposition Benches—I do not make the case but it has been made by others—who do not feel strongly about the issues of hatred that we have been discussing. That does not apply to those who support new schedule 1 as a different way of dealing with these matters.

I thought that it would be useful, in support of the new schedule, to consider the record of debates in the House to identify whether there is misunderstanding of the Bill, which is one of the fears that many of us have. Many of those who support the Bill, as opposed to the new schedule, perhaps, believe that it is doing something that it is not doing. I would argue that there are other laws that deal with the problems that they have identified. Perhaps, there is the problem that the new schedule—the Lester amendment—does not tackle the problems. It is important that we consider what has been said, especially by Labour Members, although I do not necessarily allege that all such Members misunderstand these matters or that there is misunderstanding elsewhere.

The right hon. Member for Manchester, Gorton referred in an intervention to

> "the case of Mrs. Shahzada, a constituent of mine who went to a shop in central Manchester soon after 9/11. She wears a veil over her face, and the shopkeeper refused to serve her because she was, to his perception, a Muslim. That was hatred against an individual, not a criticism of Islam."—*[Official Report,* 21 June 2005, vol. 435, col. 674.]

That was discrimination. The Equality Bill, which is in the House of Lords, will deal with that discrimination. Whether it was motivated by hatred is immaterial. It should be unlawful and the Liberal Democrats—particularly Lord Lester—have argued that that sort of discrimination should have been outlawed some time ago. Measures to deal with that were proposed, but they were opposed by the Government.

In a further intervention on the Home Secretary the hon. Member for Milton Keynes, South-West (Dr. Starkey) referred to the play "Behzti". The hon. Lady urged the Home Secretary to

> "remind the House that if that play attacks any community, it is the Sikh community, which is of course already covered by existing law, as is the Jewish community."—*[Official Report,* 21 July 2005, vol. 345, col. 674.]

That misunderstands the fact and the circumstances of the play, even if we accept that Jews and Sikhs are somehow already protected from incitement to religious hatred, which they are not. There is no such offence as religious hatred, and that did not touch on the "Behzti" offence.

The Government's argument in favour of their legislation and against new schedule 1, is that there is a loophole. The discussion has taken place and it seems strange that it has not been understood. Current law protects certain people from incitement to racial hatred. That is not incitement to religious hatred. I can read the

definition of racial hatred in the Public Order Act 1986. It talks about nationality, culture, race and so forth. Case law has stated that, for the sake of argument, if someone is being anti-Semitic, they will therefore be covered, potentially, by incitement to racial hatred. Case law does not state that if the attack is solely doctrinal and solely theological, Jews and Sikhs will be protected on the basis of incitement to religious hatred. There is no such offence.

If we are worried about the loophole or the unfairness in the practice of the law, we need to determine whether, if there is incitement to racial hatred directed against a group of Muslims, they would be covered. At best, it could be argued that the law is unclear, although I understand that there is a pending prosecution in circumstances that might fit that case. However, the Lester amendment makes the issue explicit so that it would be seen clearly by both the perpetrators and the victims that they are protected and that if racists seek to hide behind words like "Muslims" instead of words such as "Pakis", which is what they are said to be doing—I have no doubt that they are—that would be covered. I would argue that that deals with the current problem. I say that from the perception of someone who finds such racial attacks to be anathema.

I hope that that is accepted by those on the Government Benches, including Ministers, who are careful about their words. When they talk about the loophole, they say that Jews and Sikhs are protected against hatred. They know that they cannot say that they are protected against religious hatred. They are not, because such an offence does not exist. Ministers know also that, if Jews and Sikhs are protected against racial hatred, which is what they are protected against as a group, that will open the door to easier understanding of what the Lester amendment seeks to do. The Minister has to explain and accept—I hope that he will—that Jews and Sikhs are not protected against incitement to religious hatred and that that understanding has not been grasped by many Members of this place, including those who have contributed to the debate.

In the infamous column 674 of *Hansard*, the hon. Member for Hove (Ms Barlow) raises the question of homosexuality and whether incitement to hatred on the basis of homosexuality should be covered. That was a point made in an intervention by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg). On two bases I would argue that there is a stronger case for introducing a law against incitement to homophobic hatred. First, homosexuality is innate and not chosen and secondly there is far more of such hatred going on. It is second only to incitement to religious hatred, which is not racial hatred. I cannot understand why, if the Government are seeking to deal with a social problem and incitement to hatred, they have not dealt with homosexuality either at the same time or before.

8 pm

On Second Reading, the hon. Member for Loughborough (Mr. Reed) expressed concern that hatred was not defined closely enough. At column 677, he said to the Home Secretary:

"Will my right hon. Friend make sure that the element of hatred is clearly defined when the Bill is considered in Committee? That will reassure people with genuine concerns, as the Bill must be tightly drawn to ensure that people retain total freedom of speech in respect of these matters."

The Home Secretary replied:

"I am happy to give the commitment that my hon. Friend seeks. In Committee, we will look at any proposal aimed at providing a tighter definition of hatred in the Bill".—[*Official Report*, 21 June 2005; Vol. 435, c. 677.]

The hon. Member for Loughborough was seeking a commitment to make a better definition, not to look at a proposal. However, I understand that there were no such amendments in Committee. Hatred was not defined more closely as requested, so another group in the House will not have gained reassurance.

The hon. Member for Dewsbury (Mr. Malik) made what everyone acknowledges was an impressive maiden speech—because it was a maiden speech, no one sought to intervene—in which he made the case for new schedule 1 and the Lester amendment. He said that at school he was beaten up by a gang of skinheads because, to use his words,

"we were all seen as 'Pakis' and we were all fair game."

He went on to say that the world has changed, and if he

"was surrounded by a gang of 20 thugs from Combat 18 telling me that I am going to die, it is because I am a Muslim." —[*Official Report*, 21 June 2005; Vol. 435, c. 703.]

I do not believe that Combat 18, the vile British National party or the National Front, and their particularly odious band of followers are making a theological point when they attack Muslims, particularly those who appear to them to be members of a racial group. Attacking and harassment are not the subject of the Bill, but there is no doubt that that is a racial offence. I find it hard to understand why the hon. Gentleman, who clearly has great insight into the situation, should seek to argue that the offence is based on incitement to religious hatred.

The right hon. Member for Southampton, Itchen (Mr. Denham), who did not accept interventions—certainly not from me—gave an example at column 709 which demonstrates a fundamental misunderstanding of the nature of the Bill and of the alternative proposed in new schedule 1:

"If one were to publish a leaflet saying, 'We don't want Jews living round here, let's drive them out', it would be caught under a section of our existing legislation that would not catch the same act if the word 'Jews' were replaced by the word 'Muslims'."—[*Official Report*, 21 June 2005; Vol. 435, c. 709.]

I simply do not believe that to be the case under existing legislation and certainly not under new schedule 1. Those motivations are not theological or doctrinal but racial. Indeed, the right hon. Gentleman made that point when he discussed whether certain groups of Semites would be protected if they were Jewish from anti-Semitism—which I would call a form of racial hatred—but not if they were Muslim. I believe that they would be so protected under the current law and that that protection would be made even clearer by new schedule 1. If senior Government Back Benchers do not recognise the key issues at stake in the Bill, the outside world will find it difficult to do so, and there will be many calls for prosecution, which would be inappropriate.

At column 721, another example of a common misunderstanding, the hon. Member for Islington, South and Finsbury (Ms Thornberry), who spoke often on Second Reading and, indeed, in Committee, said:

"I shall give the hon. Gentleman an example. A young lady on her way to the Elizabeth Garrett Anderson school is on the bus with her head covered. A man starts shouting at her and abusing

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her because she is a Muslim. That abuse results in an assault on her by a gang of boys, who know not only that she is a Muslim, but that she is white and has converted, which makes the situation worse. In normal circumstances, that man would get off scot-free."—[*Official Report*, 21 June 2005; Vol. 435, c. 721.]

The man who was shouting at that girl and abusing her because she was a Muslim would not get off scot-free, because he would have committed a public order offence. If it is not incitement, it is an offence under section 4 or section 5 of the Public Order Act 1986 and, indeed, it is covered by the law on harassment. Such misunderstanding by hon. Members is fuelling calls for the Bill which, however, is flawed.

The hon. Member for Leicester, South (Sir Peter Soulsby) made a good speech today. I read carefully the speech that he made on Second Reading, in which he argued that because people identify themselves on the basis of their religion, they should have protection from incitement to hatred on the same basis. The offence of incitement to racial hatred, however, is not dependent on the perception of the person against whom hatred is incited. The courts must judge whether the person committing the offence is inciting racial hatred, regardless of whether the person against whom it is committed and who may be a member of a racial group believes that it is because of their religion, gender, race or anything else. I can see the point that the hon. Member was careful to make, but he does not appear to recognise that the current law, particularly if new schedule 1 were accepted, protects people who define themselves according to their religion from incitement to racial hatred.

The hon. Member for Tooting (Mr. Khan) was another speaker who was not in the mood to accept interventions on Second Reading. At column 735 he claimed that there is a loophole and that "Freedom", the British National party magazine, has explained it to its readers. He said:

"An article under the headline, 'Police drop a clanger' said that a supporter who repeatedly displayed a copy of an 'Islam out of Britain' poster in his window was arrested, questioned and charged with 'incitement to racial hatred'. The article continues:

'The snag for the police, however, is that Muslims are not covered by anti-free speech race law . . . it's legal to say anything you want about Muslims, even far more extreme things'."

In fact, that person was prosecuted successfully for committing a public order offence, which was deemed religiously aggravated. I understand that his appeal failed. Contrary to the impression that may have been left by the hon. Gentleman, who did not accept interventions, the full story is that the current law covers such situations. The hon. Gentleman continued:

"We are talking about hatred creating an atmosphere in which Muslim women—British women, some of them white—wearing a hijab or scarf are spat at, insulted, sworn at and even hit."—[*Official Report*, 21 June 2005; Vol. 435, c. 737.]

Those are already offences under the Public Order Act. To try to pray such outrageous occurrences in aid of the Bill does a disservice to the efforts of the police and prosecutors, who are seeking to use the existing public order offences.

I shall make a few points in defence of new schedule 1, following the suggestions made by the Minister and others. The hon. Member for Rhondda (Chris Bryant) argued that the Lester amendment creates a loophole that will help to tell racists that as long as they "get doctrinal and theological" they will be exempt. Any such mechanism would already be available, and the Lester amendment makes it clear that using religion as a pretext for racial hatred will not create a new loophole. If racists could suddenly become religious bodies without any vestige of literature or any other context that courts must consider when determining the offence of racial hatred and if they pursued hatred against people on the basis that they practised the Muslim faith, it would be incumbent on the Opposition to reconsider whether the legislation were necessary. At the moment, however, racists are racists—they are not theologians.

Chris Bryant: I do not believe that the danger is that people will suddenly become theologians and start engaging in narrow exegesis of some great theological point in Islam, Catholicism or whatever. The problem is that the Lester amendment encapsulates precisely the problem that we already have, and perpetuates it. It will allow the existing loophole to continue, and will say to the Muslim community that we are not interested in whether they suffer attacks or not.

Dr. Harris: I do not agree with any of the points that the hon. Gentleman makes and I do not understand—*[Interruption.]*—any of it, he says from a sedentary position. I do not understand how he can get any of that from the Lester amendment. There are many in the Muslim community who recognise what it does and are grateful for it. It makes it clear in law that racists cannot hide behind religious words to promulgate racial hatred. It makes it clear that racist Islamophobia is unlawful. Every time we legislate in this area, as the hon. Member for Walsall, North pointed out, there is a balance to be struck between freedom of speech and the need to tackle a social problem.

We say that, if hatred is being incited against people on the basis of their religion, which will clearly not be considered by the court to be incitement to racial hatred using a religious pretext—that rules out all the activities of the BNP and the far right, for a start—and that serious problems are being caused outwith that set of people and those motivations, we will need to re-examine the matter. However, the presumption in the House must be in favour of preserving free speech. Many of the arguments—not all, because some people did not see that there was a problem—around the introduction of the measure were about the balance between free speech and the need to legislate. Simply because 30 or 40 years ago, when the measure was first introduced, some people thought that it went too far—I believe that they were wrong then and that it did not go too far, because there was clear mischief that needed to be dealt with—does not mean that the Government should have carte blanche to introduce any sort of law. We must discuss each measure on its merits and decide whether the need to preserve free speech has been met.

That deals with the point that was raised in an intervention by the right hon. and learned Member for Sleaford and North Hykeham, who urged us and those on his own Front Bench to support a race law that covers only acts likely or liable to lead to other criminal offences. I see his point, and I see the need to balance free speech. The Liberal Democrats believe that the current

race hate laws are appropriate for dealing with the problem, and that the freedom of speech which they restrict is not a freedom of speech worth defending. It is not rational to attack people on the basis of their race, for the reasons given by my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) and the hon. Member for Beaconsfield (Mr. Grieve). It is right that we should have philosophical discussions about these matters, but in the end there is a balance. We on the Liberal Democrat Benches believe that the Lester amendment tackles the problem out there, and therefore that it should be supported.

My next point relates to the argument used by the Minister that, because the Attorney-General blocked only seven prosecutions, there is not really a problem. The hon. Member for Beaconsfield and others identified the problem that, in this and similar legislation, we are leaving it to the Attorney-General to decide what is and is not acceptable. One must have good reason for allowing that. The problem for people in the artistic and entertainment world is not just that the Attorney-General will allow them to be prosecuted, but that steps will be taken against them by the Crown Prosecution Service in building up the case to put to the Attorney-General and by the police. They may even be picked up for questioning or arrested.

Complaints will be made against artists and entertainers and, as the Government accept in a letter to the hon. Member for Broxbourne (Mr. Walker), who kindly gave me a copy, there will be restrictions on their ability to present their work. In a letter of 7 July from the Under-Secretary of State for the Home Department, the hon. Member for Wythenshawe and Sale, East (Paul Goggins), although under the letterhead of the Under-Secretary of State for the Home Department, the hon. Member for Slough (Fiona Mactaggart), accepts that

"if a policeman decided that the circumstances warranted further investigation"—

there is no Attorney-General in that decision—

"then it is only right that the police ask those responsible for the conduct in question to discontinue it while an investigation takes place."

That spells bankruptcy for that production if the producer has to pull it on the basis of complaints. We have seen that we live in a society where there is a propensity for complaints to be made. We saw it in the case of "Jerry Springer—the Opera", and I fear that we will see it again if it goes to regional theatres, and we saw it in the case of "Behtzi". The Minister should recognise that hiding behind the Attorney-General will not give people who wish to pursue their artistic freedom protection from censorship or from being taken off the air and the stage.

8.15 pm

Chris Bryant: Can the hon. Gentleman name a single play that has fallen foul of the 1986 Act in that way?

Dr. Harris: That is not the point. Hon. Members on both sides accept that we live in a climate where people with strong religious views are taking offence, and I am not surprised, given how strongly they feel about their beliefs. They are seeking to restrict the production and broadcasting of pieces of literature, of whatever merit. I accept that that should not come under the Bill, but there will be decisions for the police to make well before the matter comes to the Attorney-General. Given what we have seen, there may be many such offences. I hope that the Minister accepts that there will be a chilling effect because of calls for prosecution, investigations prior to prosecution and the actions of the CPS before the matter gets to the Attorney-General. I should be grateful if the Minister would deal with that point in his response.

Finally, amendment No. 12 in my name inserts new section 23A headed "Blasphemous words, etc.", which states:

"For the purposes of determining whether an offence has been committed under sections 18 to 23, it is immaterial whether the words, behaviour, written material, public performance, recording or programme is blasphemous."

I hope that the Minister will accept the amendment and respond to it at the end of the debate. It is regrettable that he has not taken the opportunity provided by the Bill to tackle the anomaly of the blasphemy law. I shall not repeat what I said about that on Second Reading. It would not be in order to talk about repeal of the blasphemy law, but I hope that the Minister will accept that there is an urgent need to make it clear in the Bill and generally that freedom of speech is paramount.

Although Christians may be offended—the blasphemy law applies only to Christians—it is wrong that the Government should be standing at the ramparts in this place or in another place to defend a law that is discriminatory, out of time and against the European convention on human rights. I do not understand why the Government, who have looked into the matter, have not felt able to table an amendment or repeal the measure to reassure people who fear that the Bill will be used to bring about the censorship of people who wish to say strong words about, for example, the Christian faith.

I hope that the Minister will respond to the arguments that I and others have advanced, and that he will give comfort to those of us who recognise that there is a problem to be solved, and that amendment No. 1 and new schedule 1 are a far more satisfactory way of dealing with it.

Charles Hendry (Wealden) (Con): I shall make a brief contribution on a particular aspect of amendment No. 9. In doing so, I commend my hon. Friend the Member for Beaconsfield (Mr. Grieve) for highlighting many of the flaws in a deeply inadequate Bill.

It would be hard to find a more graphic list of groups that would cause people concern. The amendment refers to

"Satanists; . . .

believers in the need for human sacrifice to propitiate a deity;

believers in female genital mutilation to live in accordance with the rules of a religion;

believers in violence as a means of proselytising a belief;

believers in the divinely ordained supremacy of one race over another."

The one that I skipped over was a reference to Scientologists. I hope my hon. Friend will understand that although Scientology may be very controversial, people who are Scientologists find it profoundly offensive to be included in that list. As he may be aware, Scientologists in this country are based in East

[Charles Hendry]

Grinstead, which is just outside my constituency, and many hundreds of my constituents are Scientologists. They will be mystified by their inclusion in such a list, particularly as many other groups, such as those who practise voodoo, are not included.

This debate has already caused Scientologists offence. On Second Reading, my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) said that

"it is . . . a dangerous organisation that preys on people with mental illness". —[*Official Report*, 21 June 2005; Vol. 435, c. 681.]

That is a characterisation that many people in my constituency would find peculiar and to which they would not relate.

I am not familiar with the details of Scientology as a religion or as a set of beliefs, and having heard the Minister's comments earlier, it would be hard to decide on which side of that boundary it would fall. Those who practise Scientology would say that it is a religion, but many others would contest that. Undoubtedly, as human beings they do a great deal of good. I have seen for myself their project to take people away from drug addiction and their work to encourage methods other than medical technology and medicine to deal with children with conditions such as hyperactivity and attention deficit hyperactivity disorder. I have heard of the work that they do in New York to work with firemen with respiratory diseases as a result of their involvement in the terror attacks of 11 September 2001. Many of us have seen the good work that they do in those areas and find it peculiar that they have been singled out for inclusion in this list.

Mr. Grieve: In selecting the list for debate here and in Committee, I tried to identify groups that might be regarded as controversial and for which some people have expressed intense dislike, as did my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer). It is there for the purposes of illustration and debate. I make no judgment on Scientology, which is a subject of which I know very little. The only judgment that exists in respect of Scientology suggests that it is not a religion at all, in which case it would not enjoy the protection of the Bill in any event.

Charles Hendry: I am grateful to my hon. Friend for clarifying those issues and for explaining more of the thinking behind the amendment. Certainly, as an organisation, Scientology has gone through serious hoops in terms of ensuring that it has the right to broadcast on television by satisfying the Independent Television Commission that it is not a cult. It is a not-for-profit organisation, and that is well recognised.

The huge flaw in the Bill that my hon. Friend highlighted is the lack of a definition of religion. The Minister has set out certain guidelines that cover that, but it is not clear on which side of the boundary Scientology would fall. It is right and proper that we should have a debate about whether it is a religion, but the lack of clarity makes the Bill unworkable.

I hope that when my hon. Friend considers the issues raised in this debate, he will understand why the inclusion of Scientology in the list has caused offence and take that into account.

Sammy Wilson (East Antrim) (DUP): The hour is late, so I will be brief.

As a new Member, I think that I am beginning to learn some of the tricks of this House. If the Government have a bad law they put up a nice Minister and hope that they can get it through. At the beginning of the debates in Committee, the Minister gave those of us who wanted changes to the Bill some hope when he said:

"we are prepared to engage and we are prepared to listen. Obviously, we would be foolish if we did not consider any sensible proposals that could improve the Bill."—[*Official Report, Standing Committee E*, 28 June 2005; c. 4.]

Having listened to the debates today and on Second Reading and read through the *Hansard* of the Committee proceedings, it is clear that this is a bad Bill and that even the Minister proposing it is not too sure what it is meant to do. Indeed, I am grateful to the hon. Member for Oxford, West and Abingdon (Dr. Harris), who went through almost every example—I counted them off as he did so—that was given as to why the Bill was needed, showing that such incidents can be dealt with by existing legislation. We are therefore left wondering what exactly the Bill is about.

Even some supporters of the Bill, such as the hon. Members for Rhondda (Chris Bryant) and for Walsall, North (Mr. Winnick), are beginning to have doubts about it. Indeed, the hon. Member for Rhondda made the case when he said that he wanted certain changes made for theatres because the Government have "lowered the level". If the Government have lowered the bar that makes it difficult for theatres to put on plays, has it not been raised for those who wish to proclaim their religion or to preach in church?

Chris Bryant: No.

Sammy Wilson: The hon. Gentleman says no, but the terminology is exactly the same. He was worried about the aspect of intent, which will also apply to people who preach in churches and express views about other people's religion. The hon. Member for Walsall, North also said that he wants some safeguards.

The other reason why the Minister should consider accepting new schedule 1—it is typical that such a sensible and pragmatic approach should be proposed by a Scotsman—is that all it would do is formalise the promises made by himself and by the Secretary of State. On Second Reading, when my hon. Friend the Member for North Antrim (Rev. Ian Paisley) mentioned the Westminster confession of faith, the Secretary of State said:

"I think that I can give him the assurance for which he asks. Statements in the Bible, the Book of Common Prayer and other faith books—the Koran for instance—are precisely that. They are not incitements to hatred."—[*Official Report*, 21 June 2005, Vol. 435, c. 671.]

At the end of the debate, he promised the House that the Bill would not place restrictions on freedom of speech, stop comedians telling jokes, or prevent people with strong views about religion from expressing their opinions. If that is so, why cannot the explicit terms in new schedule 1 be incorporated in the Bill? Since assurances have already been given in the House, surely new schedule 1 can be included to reassure those who fear that the measure will restrict the freedom of speech

of those who want to express their religious views or tell jokes. Why will not the Government make the assurances explicit in the Bill by accepting new schedule 1?

Leaving the Bill so open-ended will lead to bad law and malicious complaints to the police. That applies even with the safeguard of the Attorney-General. The Home Secretary announced the seven stages in any prosecution. However, the five stages before a complaint reaches the Attorney-General are sufficient to cause trauma and difficulties for people against whom malicious complaints have been made and when the police have started an investigation. The one sure way of not having to rely on the Attorney-General and of ensuring that we do not go down the road of people suffering the trauma of an unnecessary police investigation, which may never finish as a prosecution, is to provide explicitly in the Bill for the things that will not be included, as listed in new subsection (3) in new schedule 1, paragraph 2.

The Under-Secretary should live up to the promise that he made at the beginning. He should listen, engage and accept a compelling argument.

8.30 pm

Paul Goggins: The debate has been powerful and wide-ranging, not least the contribution of the hon. Member for East Antrim (Sammy Wilson). However, although the debate has been wide-ranging, four key issues were presented.

The first key issue is freedom of speech, to which new schedule 1 and new clauses 2 and 4 are relevant. I do not dispute the honourable intentions of those who tabled the amendments. They want to include in the Bill an assurance that legitimate words and actions, in speech or in writing, in jokes or in preaching or proselytising religious belief are not caught. My candid assessment is that the amendments are either so weak that they add nothing substantial to the measure or they add so much that they create further loopholes.

Let me give an example. New subsection (3) in paragraph 2 of new schedule 1 provides for four broad exceptions, which extremists could manipulate to avoid prosecution. We already know from evidence that the police have given us that extremists get round the existing race hate legislation by inciting hatred on the ground of religion. That places them outside the law. They know that and they manipulate it accordingly. If we include exceptions, such as those in subsection (3), we will create further loopholes. The Government believe that inciting hatred, on the ground of either race or religion, is wrong and that, whatever the context in which it occurs, it should be covered.

It is true that we have not defined hatred in the Bill. Several hon. Members made a point about that. We are happy to accept the dictionary definition of intense dislike and enmity. Making an enemy of somebody is a high test but that has not been a problem when considering earlier legislation, for example, the Race Relations Act 1965, the Race Relations Act 1976 and the Public Order Act 1986. They all refer to hatred but none defines it on the face of the legislation.

It is worth acknowledging the aspect of new clause 2 that acknowledges the gap between the religiously aggravated offences that we have created and the more serious offences of inciting violence or murder. New clause 2 accepts that, if

"the tone or content of such speech or expression is such as to constitute a justification for violent acts",

it would be wrong. However, I stress to the hon. Member for Beaconsfield (Mr. Grieve) that I cannot accept the new clause because it blurs into the serious offence of incitement to violence, which already exists. It would also omit a series of other behaviour, whereby hatred or inciting hatred may be intended. That would not be captured if we accepted new clause 2. I do not dispute that it was an honest effort but the threshold remains too high.

Mr. Grieve: I am grateful to the Minister for his explanation, although I am sorry that he cannot accept the amendment. I am troubled by the implication of that. It was said during the course of the debate that no one was trying to prevent people from hating others because they did not like their views or their religion, yet the Government persist in holding the view that someone might be able to hold a private hatred but that they cannot communicate it to someone else in order to persuade them to take the same viewpoint. I find that astonishingly illogical, and we ought to be anxious about that. If the mischief that we are trying to address is not inciting people to hatred so as to commit acts of violence, what the Bill is really saying is that people cannot communicate their own strongly held beliefs to others, even though that would not lead to violence.

Paul Goggins: The hon. Gentleman has made that point before. The simple point that I am making is that new clause 2 takes us far too close to incitement to violence, which already exists and is a more serious offence than the one that we are discussing here. New clause 2 is an honest attempt to bridge a gap that the Government have identified, but the threshold is too high.

New clause 4 presents me with different problems. I am in no doubt whatever that my hon. Friend the Member for Cannock Chase (Dr. Wright) is trying very hard to put clarification into the Bill. He sees that as helpful and wants to make it clear that material that

"criticises or ridicules or causes offence"

would not be caught. I believe that this is a genuine attempt to be helpful, but hatred is a very high test. It is certainly well above the tests involving criticism, ridicule, causing offence or even, in the words of the hon. Member for Beaconsfield, "criticising in vehement terms". None of these activities would be caught.

The Home Secretary has stated on the face of the Bill that the legislation is compatible with the European convention on human rights, which of course enshrines a right to freedom of expression. That right is therefore built into the assurance that all the activities described by my hon. Friend the Member for Cannock Chase are already covered. That is implicit in the Home Secretary's assurances on the ECHR. Indeed, on the two previous occasions on which the Joint Committee on Human Rights has considered this legislation, it has

[Paul Goggins]

agreed that it is proportionate to the problem that has been identified. It has also said that the Home Secretary is right to say that the Bill is compliant with the ECHR.

Dr. Wright: The Minister's argument is that some amendments are too weak and some are too strong, yet he accepts the desire across the House to place further reassurance in the Bill than currently exists. Will the Government therefore table a third way amendment at some point to address these difficulties and provide us all with the reassurance that we need?

Paul Goggins: I do not know whether a third way exists, but I have said throughout these debates that I continue to listen. Indeed, after we have voted on the Bill tonight, it will go to the other place, which will also have a go at scrutinising it. I say again to my hon. Friend that the assurances that he seeks are already built in to the Bill in the form of the guarantee of compliance with the European convention on human rights. I certainly do not want to go to the other extreme and include behaviour that would allow extremists a loophole through which they could escape. Even if no third way is to be found, I say to my hon. Friend—as I said in Committee—that the drawing up of guidance on the way in which the legislation should be interpreted and implemented will be absolutely vital. I want to do that in a way that includes faith communities, people from the arts and others who have expressed concern about the Bill, so that their worries can be taken into account and they can be reassured as we develop the guidance that their fears are misplaced.

Mr. Carmichael: Will the Minister tell the House when we, Members of the elected Chamber, will see the guidance? Why, having had the Bill's Second Reading, Committee and Report stages in such short compass, have the Government still not made available to the House such a significant part of their proposed operation of it? Is that satisfactory?

Paul Goggins: The hon. Gentleman will know that guidance is not ordinarily made available until legislation has been passed into law. I am looking to see whether it might be possible to bring forward draft guidance. I can consider that in this instance because this is not a complex Bill in terms of length, number of clauses and so on. It is a very tightly defined Bill, so it might be possible to have some draft guidance. I am considering that at the moment. Obviously one would not ordinarily issue draft guidance, because legislation can change before it is enacted. That is the reason for not publishing draft guidance in many instances.

Mr. Streeter *rose—*

Paul Goggins: I will give way to the hon. Gentleman, but I need to cover three other points and to leave good time for the Opposition spokesman to respond.

Mr. Streeter: Does the Minister recognise how unsatisfactory it is for him to come to the House and say that he will not include in the Bill wording that would reassure Members on both sides of the House, and that we should rely on guidance that we will not see before we legislate? That is not the way to make law.

Paul Goggins: Were that all that I was saying, I would agree with the hon. Gentleman. I am saying that the concerns raised by my hon. Friend the Member for Cannock Chase are answered by the guarantees in the Bill of compliance with the European convention on human rights. I also say to Opposition Members who want to introduce a higher test and other provisions in their amendments that that would create loopholes that extremists could exploit, in their efforts to incite hatred, to get away with with impunity.

Ms Emily Thornberry (Islington, South and Finsbury) (Lab): Will my hon. Friend give way?

Paul Goggins: I have a tendency to give way whenever I am asked. I remind Members that I have three other points to which to respond.

Ms Thornberry: Does my hon. Friend agree that in the light of the terrible events last Thursday, the need for this Bill to be enacted swiftly becomes even more pressing, given the possibility of a rise in Islamophobia as a result?

Paul Goggins: My response is that this legislation is as important today as it was two weeks ago and a month ago. It is important that we put it on the statute book as soon as possible.

The second issue raised by Opposition Members is the so-called Lester amendment. Let me begin by responding to the hon. Member for Orkney and Shetland (Mr. Carmichael). I meant no disrespect at all in my comments about the noble Lord Lester in Committee. He spent a lifetime dealing with these issues and has made a huge contribution. What I shared with the Committee was that I found it difficult to understand, as I began to think seriously about the Bill, how somebody who had such a reputation could bring forward a proposal that clearly would not work. He is an experienced lawyer and understands these issues as well as, and better than, most. Then the penny dropped—he does understand that the proposal would not work. It is a perfect way for him to be constructive in terms of dealing with the Bill, but he knows full well that it does not take us a single step forward.

Mr. Carmichael: Disgraceful.

Paul Goggins: I do not think that it is disgraceful, as the hon. Gentleman says from a sedentary position. Lord Lester had a hand in much of our anti-racism legislation, for which I respect him—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. We must not have sedentary interventions. If Members want to intervene on the Minister, they must do so in the usual way.

Paul Goggins: Thank you, Mr. Deputy Speaker.

There are two reasons why I cannot accept the Lester amendment. The first is that it is already covered by existing legislation, under which it is not necessary for

racist language to be used for an offence of incitement to race hatred to be proved. The language used can be religious, and the case can be made now if it can be demonstrated that such language was accompanied by racist intent.

Dr. Evan Harris: Does the Minister therefore accept that if the British National party uses the word "Muslims" instead of "Pakis", as, sadly, it has done in the past, it could be successfully prosecuted under current law? Muslims are not therefore uncovered in that respect by the current law.

Paul Goggins: I do not accept that because I do not accept that there is a direct read-across between race and faith. There may be for Jews and Sikhs—in fact, there is—but there is not for Muslims. A Muslim could be Asian, African or white British.

8.45 pm

The Lester amendment and the view of those who support it are based on the false assumption that the Government are interested only in stopping the BNP making comments about Muslims that are a proxy for racial comments. Our intention is broader: we want to give the same protection that is given to Jews and Sikhs to all religious groups. We think that that is the right thing to do, which is why we have brought this legislation back for the third time. We think it right for people to be able to live free from fear. We think it important to stop extremists undermining the tremendous work that has gone on within, across and between faith communities as we have tried to build the community cohesion that we need.

It is also important for us to prevent the exploitation of those who feel frustrated from time to time and who may be open to the influence of extremists. We have drawn a line in the sand. We think it wrong to incite hatred on the ground of religious belief. My hon. Friend the Member for Walsall, North (Mr. Winnick) spoke of 40 years' experience, and of all the doom and gloom and promises of negative impacts that have been heard during that time. None of that has happened; we have had very successful legislation, and I think that the same will be true of this Bill.

Mr. Grieve: I did not follow the Minister's logic when he suggested that the Lord Lester amendment would not give other religions the protection currently given to Jews and Sikhs. The protection given to Jews and Sikhs is based on their ethnic identity, not on their religious beliefs.

Paul Goggins: It is true that, in law, they are protected by the racial hatred legislation, because the religious hatred legislation does not exist. It is because of the close association between the two that Jews and Sikhs are covered: both are faith groups as well as race groups. We teased out that issue in Committee. I think it impossible to disentangle one element from the other, but I acknowledge that the protection that currently exists is on the ground of racial hatred. We seek to introduce legislation that will provide protection from the incitement of religious hatred. There is no direct read-across between race and faith. If the language is religious but the intention racial, that can already be proved.

The third issue that I want to raise relates to the definition of religion or religious belief. I am grateful to those who tabled amendment No. 9 for enabling this discussion to take place. It is true that we have never defined religion in statute. We did not define it when we introduced the concept of religiously aggravated offences in the Anti-terrorism, Crime and Security Act 2001. We did not include it in the Criminal Justice Act 2003 when we increased the sentences that could be imposed for religiously aggravated offences. We did not include it in part 2 of the Equality Bill, which is currently being dealt with in the other place, and it is not in the employment regulations. It has not been a problem.

There is a good reason for our not wishing to include that definition in the Bill, which I mentioned earlier. Over time, things may change. We need flexibility, which is why we should let the courts decide. As I said earlier, Strasbourg case law is helpful. The characteristics of religion, as decided by the court, are cogency, seriousness, cohesion and importance. It should be worthy of respect in a democratic society and, as made clear in the Campbell and Cosans case, should be compatible with human dignity. That definition would exclude a number of practices specified in the amendment. Human sacrifice is, apart from anything else, a serious criminal offence. "Minister introduces legislation to protect Satanists" might be a catchy headline, but it is Parliament's job to protect believers, not belief, and it is the court's job to define religion. It is rather important that the House should appreciate the distinction between the two. Our job is to focus on believers. This legislation is about protecting believers from others who incite hatred against them; it is the court's job to define religion.

The hon. Member for Beaconsfield talked about the differences between religion and race, and I acknowledge that there are differences. Clearly, the two are not the same, but they are not as different as he suggests, and in that regard I cite my personal experience. I was born into a Roman Catholic family. Later in life, I made a rational choice about that religion in favour of it, but I cannot disentangle from having done so the fact that I was born in and brought up in that community. That has made a mark upon me and it is part of my identity. To say that my religion is simply a rational choice flies in the face of reality.

The fourth and final issue is the beloved "likely limb" that lawyers love to talk about. Of course, the prosecution's first priority will always be to look for evidence of intent. Nothing in this legislation removes that obligation, but we know that intent is hard to prove. It is hard to be absolutely definitive about what is going on inside somebody's head, which is why, when the existing race hate legislation was introduced 20 years ago, Parliament included a second limb—a likely limb.

The Public Order Act 1986 states that an offence is committed if

"having regard to all the circumstances racial hatred is likely to be stirred up".

There are three points to consider. First, we are making some limited minor changes to the wording of the current likely limb, so that the offence is committed if

"words, behaviour or material are . . . likely to be . . . seen by any person in whom they are . . . likely to stir up racial or religious hatred."

[Paul Goggins]

Some Members asked why we are doing so, and in particular whether doing so will lower the test. It will not, but there is some concern that the current offence turns too much on the prosecution having to show that the material was actually seen, rather than on the likelihood of it stirring up hatred.

Let us say that somebody publishes material that is seen by the hon. Member for Beaconsfield, who then takes it down, or that the material is reported to the police, who are first on the scene and then take it down. Should the perpetrator of that material, which is capable of inciting hatred on the ground of religious belief, get away with it just because the hon. Gentleman or the police got there first? No, they should not. We are seeking not to lower the test but to clarify the law, so that it turns on whether the material was likely to incite hatred, rather than on whether it was actually seen.

Secondly, Members have made the accusation that we are somehow weakening the test by setting it too low. The most convincing evidence to the contrary is our having operated race hate legislation with a second likely limb for 20 years. It has been used effectively and has led to a modest number of prosecutions—76—and to 44 convictions. However, in addition the test of hatred in law is very high—way beyond criticism or causing offence. Moreover, in law "likely" means "probable", not "liable" or some lower test. Again, that is a very high test. Under the terms of section 18(5) of the 1986 Act, for the likely limb to be proved it also has to be shown that the defendant intended their words or behaviour to be threatening, abusive or insulting, or at least that they were aware that their conduct might be interpreted as such. So, according to either leg—be it intention or the likely limb—a level of intent, or of awareness of the impact of one's conduct, must be proved.

Thirdly, it is not possible to separate the religious aspects of this legislation from the race aspects. If we did so, we would simply re-create the two-tier system to which many of the amendments would lead, and which we do not want. We simply cannot have one law for Jews and Sikhs, and another for other groups. I offer my hon. Friend the Member for Rhondda (Chris Bryant) the assurance that, in relation to the theatre, all circumstances must be taken fully into account. The whole play must be considered, so individual lines and speeches would not be covered.

Last and not certainly least, the hon. Member for Oxford, West and Abingdon (Dr. Harris) mentioned blasphemy. I know that he wants to support legislation that would remove the blasphemy laws, a discussion that my right hon. Friend the Home Secretary has promised—

Dr. Evan Harris *rose—*

Paul Goggins: I am not able to give way. I must allow time for the hon. Member for Beaconsfield to respond.

As I was saying, that is a discussion for another day and the hon. Gentleman's amendment would add nothing to the Bill.

These were my reasons for opposing the group of amendments and I urge hon. Members to oppose them.

Mr. Grieve: I regret that the Minister did not succumb a little to the temptation that new clause 2 offered. He said some reasonably kind things about it—for example, that it was an honest attempt to try to reconcile a serious difference of view. The clause was certainly put forward in that spirit. I make no pretence to it being perfect in the way it is drafted, but it went a long way towards reflecting some of the concerns expressed on his own Benches about the Bill by seeking to centre on a definition of the difference between what constitutes hatred and the degree to which it must go.

I believe that a court and a jury would have little difficulty in identifying words that were tantamount to an encouragement to violent acts. It is not a difficult concept for people to grasp—the difference between ferocious criticism and words that imply that people should feel free to use violence against others. I say to the Minister, even at this late stage, that he might like to consider the issue carefully and we may be able to return to it.

Although I put forward the new clause in that spirit, I am not minded to press it to a vote because there is a clear difference between some hon. Members and others about whether the entire Bill and its scope is desirable or whether it can be narrowed down solely to the issue of what is called the Lord Lester amendment, in terms of defining and protecting those whose religion is attacked as a pretext for an attack on their race and ethnic identity. That is my preferred course of action. As I see that the amendment enjoys support from all sides of the House, I will seek to withdraw the new clause in the belief that the Liberal Democrats will seek a vote on amendment No. 1.

This has been a fascinating and wide-ranging debate, but the Minister must be aware of the disquiet expressed from both sides of the House about the way in which the Bill will work in practice. Unless the Government come up with a constructive solution to the problem, the Bill, however well intentioned, will end up as the source of polemical argument and will never see the statute book at all, or at least not for a long time. I cannot believe that that is a desirable state of affairs.

There must be a way through the problem, but the Government show no sign of responding to it. The basic reason for that is that they have been hoisted on the petard of their own promises. They have made a promise of equality between Jews and Sikhs and other religious groups that is completely fictitious, for two reasons. First, it is a fiction because the equality in fact already exists and would be enshrined in law if Lord Lester's amendment were to be accepted. Also, the protection currently enjoyed by Jews and Sikhs is on the basis of their racial identity and not on their religion.

Secondly, it is fictitious because, in moving to create an offence of religious hatred, the Government are seeking to marry it in identical terms to racial hatred when the difference between racial hatred and religious hatred is so palpably plain that it makes a nonsense of the entire legislation.

I shall withdraw new clause 2 and support those who are seeking to put amendment No. 1 to the vote. I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 1

HATRED AGAINST PERSONS ON RACIAL OR RELIGIOUS GROUNDS

Amendment proposed: No. 1, in page 1, line 3, leave out from 'Act' to end of line 7.—*[Mr. Carmichael.]*

Question put, That the amendment be made:—

The House divided: Ayes 233, Noes 291.

Division No. 34] **[9 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Cryer, Mrs. Ann
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, rh Mr. Frank
Flynn, Paul
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Grogan, Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hubne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Law, Peter
Laws, Mr. David
Leech, Mr. John
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Marshall-Andrews, Mr. Robert
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paisley, Rev. Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Bob Russell and
Mr. Mark Prisk

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris

Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khabra, Mr. Para S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Mr. Ian Cawsey and
Mr. Parmjit Dhanda

Question accordingly negatived.

Order for Third Reading read.

9.13 pm

Paul Goggins: I beg to move, That the Bill be now read the Third time.

I wish to thank hon. Members on both sides of the House for the contribution that they have made so far to consideration of the Bill on Second Reading, in Committee and earlier today. I also wish to extend my thanks and, I am sure, the thanks of the whole House, to all the officials in my Department and elsewhere who have helped the smooth passage of the Bill.

The Bill is small and finely and tightly focused, so there is not much room for manoeuvre, although we began our deliberations, as always, by listening and

considering where there might be opportunities for improvement. We made one concession, on the powers for citizen's arrest, and I was pleased that the hon. Member for Beaconsfield (Mr. Grieve) saw that as a positive move.

The hon. Gentleman and others have acknowledged that we had plenty of time for the scrutiny of the Bill. That was another welcome aspect of our proceedings. He and I have quite regular exchanges across the Floor of the House nowadays. I also enjoyed my exchanges with the hon. Member for Orkney and Shetland (Mr. Carmichael) and indeed all the hon. Members who took part in the Standing Committee. We had good discussions.

Strong opinions have been expressed outside this place and I say again that I want to engage with them. I want to listen and to offer reassurance where possible. When we draw up the guidance for the legislation, I want to do so in dialogue.

We have considered the Lester amendment. My argument is that it would take us no further. We have looked at definitions of religion, and I argued that that is a matter for the courts rather than for us. We have discussed the likely limb and I have tried to offer the House reassurance that it is still a high test, requiring a high level of intention or awareness. It is also a test of probability, not liability.

Mr. Hogg: Has the Minister looked at the definition of hatred so as to include only conduct that is likely to encourage others to commit acts of violence or other unlawful conduct?

Paul Goggins: I have looked carefully at "hatred", and I am sorry that the right hon. and learned Gentleman missed our later discussions on the subject. A range of legislation, going back over many years, includes the word "hatred". We have never sought to define that word previously, nor do we do so at this stage. It has never caused us a problem in the past and I do not think that it will in relation to the Bill.

We are introducing the legislation first and foremost because we think that it is the right thing to do. We also want to remove the anomaly whereby Jews and Sikhs are protected while other religious groups are not. Currently, extremists can exploit a loophole in the legislation and we want to prevent that by ensuring that we close that loophole.

I conclude by quoting, unexpectedly perhaps—

Stephen Pound (Ealing, North) (Lab): Not Voltaire.

Paul Goggins: No, not Voltaire and not Mill, but the Leader of the Opposition, who, in the House this afternoon, in a measured comment on the dreadful events of last Thursday, said that the terrorists had tried with the fires of hate to destroy the bonds of love. I agree wholeheartedly. We need to take on the hate-mongers, whether they are terrorists or extremists operating in communities up and down our country. The Bill is not the whole answer. We have religiously aggravated offences on the statute book, and it is also an offence to incite violence and murder. But there is a gap, and, through the Bill, we seek to close it.

Legislation on its own is not enough, however, and that is why all our efforts to build community cohesion so that people can live free from fear are so important.

9.18 pm

Mr. Grieve: I join the Minister wholeheartedly in thanking all those who have participated in the consideration of the Bill. As always, it has been a pleasure to debate the matter with him. He is right: for the first time in my recollection, we can say that a Bill has had adequate scrutiny in the House. That is a rare event, but as I mentioned in Committee, it is certainly to the credit of the Whips, especially the Government Whips and, I suspect, of the Minister that the opportunity was made available to us.

I am also grateful to the Minister for the fact that we have secured an amendment to the Bill. It may only be one amendment, but it certainly commended itself to me, and I am delighted therefore that the Government have taken it on board. Having said that, I fear that the Bill remains, despite that single improvement, seriously and catastrophically flawed. It seeks to do something that is in itself controversial, and I am afraid that it does so rather badly.

Let us start with the controversial element. It is, as the Minister has acknowledged, a fettering of the freedom of speech and expression, but he and the Government say that that is necessary and that they have sought to draft the measure sufficiently tightly that freedom of speech will not be unduly restricted. Yet there are fundamental flaws in the Bill's presentation because, as has been acknowledged in Committee and, indeed, on Report, it is in fact extremely widely drafted and is dependent on a selective interpretation by those who may or not bring prosecutions in determining whom should be penalised for transgressing it. That is a very bad way to start a legislative process.

I am afraid that the Bill is underpinned by the fact that it comes on the back of a series of promises that the Government have made to various groups—often, I fear, raising expectations that will never be fulfilled—in trying to create some kind of equal playing field between religious and racial hatred, and some of the fundamental difficulties with the legislation stem from that. If the Government had sought to present a Bill to the House that centred on religious hatred as a separate issue, I have a feeling that, even though there might have been very serious disagreements and, indeed, a great deal of debate, we might well have been able to focus on some of the key objectives that we have, in fact, been unable to achieve.

In presenting various amendments—particularly new clause 2 and, indeed, new clause 4, presented by the hon. Member for Cannock Chase (Dr. Wright)—we seem to have come close, as the Minister identified, to considering some of the key things that need to be protected, as well as the mischief that were are trying to prevent. The Bill, sadly, achieves none of those things. Unless it is radically improved in another place, I fear that it will become a classic example of good intentions leading us down a dangerous road.

Mention was made during the debates on Report—in the comments of the hon. Member for Walsall, North (Mr. Winnick)—that we should derive comfort from the legislation on race relations and racial hatred because it

[Mr. Grieve]

was suggested when it was passed that it was very controversial. I was mindful of his comments. Indeed, I recollect that, although I was very young at the time, my late father expressed as a lawyer some disquiet about the legislation. It is precisely because I think that I can see where his disquiet may have been misplaced that I have certainly attempted to consider the Bill with the idea in mind of whether I could say in 20 years' time that I was mistaken. However, the profound difference between a religious belief and a racial identity inclines me to the view that I am not mistaken at all in taking the attitude that this legislation will, in fact, make no contribution to improving community relations in this country.

The Minister quoted my right hon. and learned Friend the Leader of the Opposition, and I agree with everything that he said. There is a language of hatred and it needs to be fought, but the best way to fight it is by the public expression of views that those who hate others on matters where they should not do so are wrong. The Government's attempt to introduce what is in effect a mechanistic system of what is and what is not appropriate, far from helping the situation, I believe, will make it worse. It is for those reasons that, although I appreciate the good intentions behind the Government's ideas, yet again, the Opposition are compelled to say that we cannot support the Bill on Third Reading. The improvements made to it are slight; the mischief that remains as a result of it is great.

If the Government really want to tackle this issue, they must get away from the promises made to various people of an equal playing field, accept that religion and race are different, start to look at the real nature of the problem and try to come up with some constructive solutions. We can all agree that it is undesirable that people should preach violence or words that lead to violence, but what the Bill will achieve is the prevention of the perfectly lawful expression of differences of view, which is the very foundation on which our democracy has been based.

9.25 pm

Mrs. Ann Cryer (Keighley) (Lab): I have just voted in the Aye Lobby, so I feel that I owe it to my colleagues and the Minister to explain my background for doing so. I shall probably abstain on Third Reading.

The strength of our society lies with its tolerance, understanding and diversity. That has emerged over centuries, and although the overwhelming majority of people enjoy the benefits that it brings, there are those, for their own odious and self-interested motives, who want to take advantage of the system and abuse it. An inevitable defect of decency and tolerance is allowing those who do not share our views or values to speak out and have their say too, however unpleasant and unwelcome that is.

In May, I was returned in Keighley and Ilkley following a bitter, dreadful fight where hope triumphed over hate. Perhaps the most odious of characters, the chairman of the British National party, was soundly defeated into last place. With the defeat of extremism comes, I believe, a great responsibility to understand and address the reasons why it came to my constituency and to ensure that it never returns. One of the main reasons was the undercurrent of the feeling of unfairness and inequality that was able to take root. It is perceived that many minority groups are viewed differently and treated more leniently by the law as a result of their minority status. In essence, protection is offered from the full weight of the law for the fear of being branded a racist. That perception has crippled political, social and economic development in cities such as Bradford. Lord Ouseley, whose report was commissioned prior to the Bradford riots in 2001, spoke out about the fear of debate in Bradford and the need to have open and frank discussions. Some four years later, we are no further forward. The manifestation of the BNP in Bradford and Keighley is a result of that failure.

I am not suggesting for one minute that protection under the law should not be offered to those who are in danger of persecution or violence. However, I am simply not convinced that well-intentioned legislation that emphasises differences and identifies segregation provides that protection. It might, in reality, have the reverse effect.

In a rich society such as ours in which our diversity should be celebrated and encouraged, rather than concentrating on what makes us different, perhaps we should look more at what unites us: our humanity, social conscience, willingness to help others and steadfast faith in democracy, equality and achievement. Surely the celebration of our common values and beliefs must be the way forward, thus shifting away from an attempt to isolate or segregate any specific community or religion. That would be far more successful at encouraging integration, which is what I look forward to and work for.

Protection comes in many forms: the weight of criminal justice—which if applied is more than sufficient—argument, and education. All those offer powerful solutions. If I am described as an infidel because of my beliefs, do we want the accuser to be prosecuted, or do we want to engage with that perverse view and demonstrate how erroneous it is? One of the fundamental principles of any religious belief must be tolerance, so allowing prosecution is a dangerous path to tread.

How was the BNP defeated in Keighley and Ilkley? It was achieved not by prosecution, but by reasonable argument. Its members were exposed as liars and the party was shown to be the politically bankrupt group that it truly is. Opposition to the BNP was based on a broad coalition of trade unions, churches, mosques, voluntary groups and businesses—indeed, all the decent people of Keighley and Ilkley. The sheer weight of argument, concentrating on those issues that unite us, irrespective of colour, religion, age and sex, for example, expose extremism for what it is. Take away the fear from debate, and our common interests—humanity, decency, tolerance and equality—are allowed to shine through. Restrictions, however well intentioned, stifle that debate. How can we ever expect to rid our society of the horrors of honour killings if we are limited by those whose perverse understanding of their religion makes them believe that it is their entitlement and they may threaten prosecution?

Does the Bill take us in the wrong direction? Perhaps we should be looking in the opposite direction and remove the blasphemy laws from the statute book so that we are all of equal status. I cherish the diversity in

my constituency and throughout the country. I am yet more determined to defeat extremism from wherever it originates. I want to have a constituency, and a country, that is comfortable with itself and its neighbours. That is my ambition. I am not convinced that legislation that encourages further segregation, however, well intentioned, will provide the protections that it aims to deliver.

9.31 pm

Mr. Carmichael: It is a pleasure to follow the hon. Member for Keighley (Mrs. Cryer). I commend her on what I thought was a remarkably thoughtful and major contribution. I welcome her to the debate on the Bill.

Consideration of the Bill in Committee was a pleasure, principally because of the good humoured way in which the Minister handled the proceedings. It is often said that the Government are leading us into a nanny state. I suspect that there may be some truth in that, and I suspect also that we have in the Minister a new Labour Mary Poppins. He is the man who provides the spoonful of sugar to make the medicine go down. However, what he has provided us with in the Bill remains a pretty unpalatable medicine. It remains a medicine that is in search of an ill to cure.

As I understood the Minister on Report, he seems to be telling us that the Government are bringing forward this legislation and insisting on it because they have a wish to address a perceived anomaly in the treatment of Jews and Sikhs under existing legislation, and other religious groups. At the same time, he accepted that the nature of that cover was such that other groups were already covered to the same extent by existing legislation. Perhaps it was not intellectually the Minister's finest hour, if I might put it like that.

An interesting feature of the Minister's speech was his offer to provide draft guidance on good practice that would be used to implement the Bill's provisions. I welcome that. Such guidance will be useful. However, I wonder why we are hearing about guidance at this stage. What was the rush in introducing the Bill? Why have we had Second Reading, consideration in Committee followed by consideration on Report in such a short compass when we are in an 18-month Session? If the guidance is to be made available, surely it should have been provided to us at a time when we could have made proper use of it. The guidance might well have answered many of the objections that have been raised. We do not know because the refusal to publish it so far means that, effectively, the Government are asking us to buy a pig in a poke.

I am embarrassed that we are sending forward a Bill that is so bad even after we have spent so much time on it. I accept what the Minister says that whatever faults there have been in the Government's approach to this proposed legislation, lack of time has not been one of them. I suggest, however, that the Bill is ill conceived in its thinking. It will be dangerous in its execution and I am confident that we have not seen the last of it.

We, the elected House, should not be relying on the other place to give the Bill the sort of scrutiny and the sort of amendment that it so clearly requires. Come the vote on Third Reading, Liberal Democrat Members will be voting against it.

9.34 pm

Frank Dobson (Holborn and St. Pancras) (Lab): I was startled by the suggestion from the hon. Member for Orkney and Shetland (Mr. Carmichael) that there had been a rush to judgment. He may not remember it, but the proposal was first introduced by the Government in November 2001 in response to representations from Muslims throughout the country, who felt that they were being targeted by people stirring up religious hatred against them after the evil events in New York and Washington. I was surprised and taken aback by comments that implied that, because the representations were made by Muslims and the Government responded to them, there was something wrong. We spend all our time in politics responding to representations—sometimes we reject them, at other times we take them on board. However, the proposal was introduced in response to reasonable representations.

The air of today's debate—and I know that there have been serious discussions in Committee—was characterised by some nice academic and philosophical debating points. However, it is not nice, academic or philosophical on the streets of my constituency at the moment, and neither was it in 2001. Women are taking their children to school and collecting them in fear because they wear a hijab or headscarf. I want to protect them against the hatred stirred up against them by hate-filled people who make them go about their ordinary day-to-day life in fear. We owe it to all our constituents to try to protect them against people who incite fear.

One objection to the Bill rests on the fact that it is acceptable to outlaw incitement to racial hatred, because race is innate whereas as religion is not—it is a matter of choice. Several Members, including the Minister, who made a very fine speech in response to an earlier debate, pointed out that most people are born into the religion in which they remain. I shall ignore that point, however, and urge people to pursue the logic of their argument: it is all right to try to protect people against incitement to hatred because of their race, which they cannot change, but it is not all right to try to protect people from incitement to hatred because of their religion, which they can change. To me, that practically amounts to an incitement to incitement. People can put themselves right with the hate-mongers by changing their religion or abandoning their beliefs. That is not a sound proposition to make in a democratic Parliament.

We have heard all this stuff about comedians whose freedom of expression will be curtailed, as they will be deprived of the right to incite people to hatred against others because of their religion. That is a rather extreme joke, and I am notorious for politically incorrect jokes myself. People will not fall foul of the provision unwittingly. Under the Bill, they must intend to stir up hatred or, in all the circumstances, be likely to do so. If comedians cannot manage to avoid that, I suggest that they shut up shop altogether.

Clearly the measure, like the law against racial hatred, has two effects. First, it has a genuine deterrent effect. The law against incitement to racial hatred has deterred a great deal of mouthing off, which was dangerous. That is indicated, in part, by the relatively low number of cases that have been brought. Secondly, it was a declaratory matter. We declared that incitement to racial hatred was wrong. That is an unusual concept in the common law. If we pass the Bill, we will be declaring

[Frank Dobson]

that incitement to hatred of people because of their religion is wrong. That will be another step forward. Who needs the right, which we apparently want to maintain for them, to incite hatred of people because of their religion? I submit that no one requires that right, and if they feel they currently have it, we ought to deprive them of it.

Finally, this is no rush to judgment. This is a proposition that I was advocating before the Government introduced it in November 2001. On Second Reading I said that I hoped we would pass the law before there was a major terrorist incident, so that for once the law got in in advance of events. Sadly, we had the awful events of Thursday last week. Two of the explosions were in my constituency. We are not rushing to judgment. It is a total coincidence that we are changing the law on the Monday afterwards, but it is the right and proper thing to do.

The circumstances to which the Government proportionately and properly responded in 2001 have arisen again. If we take seriously the protection of all our fellow citizens, it is up to us to offer that protection. For all its possible shortcomings and difficulties, the Bill does that. I hope that the House of Lords leaves it alone—it does not need to come back to this place—and that we get a new law and implement it.

9.42 pm

Mr. Hogg: I shall be brief. I listened with great interest to the last debate. The flaw in the discussions in the House is not the distinction between racial hatred and religious hatred. I do not think that there is a distinction worth making there. The error lies in the concept of what should be made illegal.

I am the first to acknowledge that stirring up hatred is a thoroughly bad thing to do. It is quite wrong and immoral, but that does not mean that it should be illegal. When one is determining what is or is not to be made illegal, one must consider the consequences. The question that I ask myself is not whether what someone is doing is immoral or offensive, but whether it is disruptive to the state. I come to the conclusion that it becomes disruptive to the state only if the consequence of the emotion that has been whipped up is to cause serious peril to the state. That is why, in the course of a series of interventions on my hon. Friends and others, I have tried to associate the concept of hatred with conduct likely to cause violence or other criminal activity. I should like the House to stand back and to consider the definition of hatred, and to say that only that which is likely to cause illegal acts and violence to those who are being criticised should be rendered illegal. The fact that one may cause other people to be held in a state of hatred, moral contempt or whatever should not make the act illegal, albeit that I am the first to concede that it is immoral to do it.

I hope that those in the other place will consider the definition of hatred, whether in the context of religious or racial hatred, so as only to outlaw—by which I mean to render criminally unlawful—those things that are likely to result in acts of violence or criminal activities.

9.45 pm

Dr. Tony Wright: My right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) spoke powerfully about the need to do something. That is always a powerful call, and no one who has taken part in the debate has dissented from the proposition that there is an issue that needs to be tackled.

Our task when we turn to legislation is to decide whether the issue is being tackled in the most appropriate way. It probably would have been much better for the Government to introduce a separate piece of religious hatred legislation, not to piggy-back it on the top of existing racial hatred legislation. That is the source of much of the difficulty that we have experienced. That is why we have worried about the absence of a definition of religion or of hatred and about the fusion of issues of belief and believers.

It is not good enough simply to say that we should do something because certain people are under serious attack or pressure, because there is a line that it would be very dangerous to cross—the line that says, "You cannot properly and legitimately attack religious belief systems." It is fundamental to our kind of society that we are able to attack religious belief systems as we can attack political belief systems, cultural belief systems, and all other types of belief systems. Perhaps the Government said, as part of their conversation with the communities that came to them, "We want to do everything that we can to protect you, but you in turn must understand that it is part of this society that people are able legitimately to attack religious belief systems." Those things that are hateful should be hated; we should not be too squeamish about that.

I would caution those who have suggested that the events of the past few days contribute decisively to the arguments about the Bill. One could make the argument on both sides. One could argue that it is even more necessary to preserve the right to attack religious bigotry in all its forms, given that people use religion as a cloak for all kinds of extremism. It would be just as possible to argue that because whole communities may be victimised because of what has happened, we need to give them extra protection. Both arguments could be made, but it is not sensible at this moment to deploy either of them. We should try to keep our heads and get the balance right.

New clause 4, which I tabled, was, for some reason, not called. Perhaps I missed the moment. It meant that I was deprived of the opportunity of telling my hon. Friend the Under-Secretary that I intended to withdraw it. However, I was going to withdraw it on the basis that I am a gullible chap, he is a gentle and persuasive Minister and I therefore keep believing everything that he tells me.

My hon. Friend told me on Second Reading that he would table an amendment that would deal with our concerns and provide the appropriate balance. I was therefore disappointed when I discovered today that he had not done that. He has now told me that he will re-examine the matter and that my amendment was too weak. By implication, he wants a stronger amendment. He must therefore be prepared to consider the next stage and return with an amendment that covers our concerns and finds the correct balance. In that spirit, had I been given the opportunity, I would have withdrawn the amendment.

9.50 pm

Sir Patrick Cormack: I am sure that the hon. Member for Cannock Chase (Dr. Wright) feels, as I do, that, perhaps not for the first time, our hope lies in the Lords.

No one could impugn the good faith and intentions of either the Under-Secretary, who is an amiable and genuine chap, or the Government. However, not only the road to hell but that to legislative chaos is paved with good intentions. If there were time and it were in order, I could cite the Dangerous Dogs Act 1991 and many other knee-jerk reaction Bills, which you and I, Mr. Speaker, have seen pass through the House and that subsequently either passed into oblivion or caused danger.

The right hon. Member for Holborn and St. Pancras (Frank Dobson) made a powerful speech. I am sure that he did not mean to imply that, if the Bill had been enacted four years ago, the events of last Thursday would not have happened, but it is important that people read his speech and my comments on it in that context because a careless listening or reading could give the wrong impression.

I was moved by the testimony of the hon. Member for Keighley (Mrs. Cryer). I am delighted—I am sure we all are—that she so thoroughly beat off the nasty challenge of the BNP. Her words deserve wide circulation and careful study because if we stand for anything in this place, it is freedom of thought and expression, unfettered freedom of speech and, of course, proper constraints and sanctions against those who do what my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) described: encourage people to violence and evil. They must be dealt with. No hon. Member would disagree with that.

However, the Bill is not the way to achieve that. I was unable to take part in the Second Reading debate because I was still fighting the general election. However, I received petitions, containing many hundreds of signatures, and many dozens of letters from churches and chapels in my constituency. They were from ordinary, decent people, who have as high a regard for their Muslim friends and neighbours as the hon. Member for Keighley and I do. I remind hon. Members, 10 years to the day after Srebrenica, that I was one of the few who spoke out against those appalling atrocities in Bosnia. However, my constituents do not believe that the Bill is the way to help their Muslim friends and neighbours.

My constituents are also concerned about the inhibitions that the Bill might place on them in proclaiming their beliefs and faith fearlessly and openly. We want a society where people can proclaim and defend their beliefs and, yes, attack those of others if they feel that they are wrong. We want a truly tolerant and free society. I am sure that the Government and the Under-Secretary want that. However, the Bill, which the Under-Secretary clearly took through the Committee with great good humour, is not the way to achieve that. I shall vote against the Bill without any qualms or inhibitions. I hope very much that, when it comes back from the other place, it will have been significantly improved, and that the points raised in new clause 4 and the other amendments that have been rejected, withdrawn or not moved tonight will have been inserted into it so that it becomes workable and manageable. In its present state, it manifestly is not.

9.54 pm

Chris Bryant: The hon. Member for Beaconsfield (Mr. Grieve) said on the last day in Committee something that rang a bell for me. He said that the Bill walked on eggshells. He was almost right. It certainly walks a tightrope between trying to maintain freedom of speech and trying to ensure that everyone in this land has an equal opportunity to express and enjoy their religion without suffering the fear that my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) described. That is why Labour Members' advocacy of the Bill has sometimes been cautious, rather than aggressive or over-assertive. Those who have argued against elements of the Bill, although they have expressed serious and important concerns, have also perhaps overstated them.

I support the Bill for the simple reason that, at present, a legal anomaly leaves a growing part of this country unprotected and uncertain of its relationship to society at a time when there is growing disaffection among many young Muslim people. I also support the Bill because of the potential for growing hostility towards people in this land who seem to be different by virtue of their race or their religion. It is important for the state to take action in these circumstances, even if that action is merely declaratory, as my right hon. Friend said earlier.

We shall need to do certain things in the near future to ensure that this legislation works effectively. For example, there should be greater protection under the law for places of worship, especially for Jewish and Muslim cemeteries. We should not rely on ancient legislation such as the Ecclesiastical Courts Jurisdiction Act 1860 in that regard. We should enact proper legislation to ensure that such protection exists for all religions. I also happen to agree with the hon. Member for Oxford, West and Abingdon (Dr. Harris) that we should abolish the blasphemy law, and if I thought for an instant that this legislation would result in an advancement of that law, I should not be able to vote for it. There are other hate crimes in this land, some of which are perpetrated by people who hold very strong religious views, and I hope that the Equality Bill will give us an opportunity to deal with those crimes as well.

9.57 pm

Mr. Streeter: We all agree on one thing here tonight, and that is that the Minister is a well-intentioned person. However, in the end we are judged not on the width of the Minister's smile but on the quality of our legislation, and this is a bad Bill. If we pass it into law, we shall be doing the nation a disservice. The Bill is unnecessary and, although the right hon. Member for Holborn and St. Pancras (Frank Dobson) made a powerful speech, he did not put forward the other side of the story.

The Bill is cloaked in uncertainty: it does not define religion or hatred. If we pass it into law, people out there will still not know what they are free to say and what they are not. The Bill is also likely to have unintended consequences. We all want tolerance, harmony and respect between the religious communities in this country, but the Bill is likely to provoke the opposite. The Government have said that they will listen to reasonable objections, but they have done so with closed ears. If the Bill becomes law, we shall stumble into darkness and uncertainty, and I urge the House to reject it.

9.58 pm

Lynne Featherstone: It is a great irony that the Bill will penalise those whom it seeks to protect. I have never been worried about jokes or comedians in this regard, but I am worried now. Religion is not some cosy thing that people do. It often preaches hatred and incites people to share such views, even though we might wish that it were otherwise. One of the reasons that there were 2,000 or 3,000 religious leaders outside here today was that they were concerned that they would no longer be able to practise their religion freely in this country. It is a great irony that, in seeking to achieve that freedom, the Government might prohibit it. I am also concerned that in the current climate of terrible attacks on Muslims, such a Bill is the wrong answer. The answer is education. Declaration is not enough.

Because I must finish, I will simply say that legislation will not stop hatred, and legislation will not stop incitement to hatred. It will simply and sadly contribute to it.

Question put, That the Bill be now read the Third time.—

The House divided: Ayes 301, Noes 229.

Division No. 35] **[10 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Galloway, Mr. George
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James

Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Ms Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and Tony Cunningham

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Featherstone, Lynne
Flynn, Paul
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Mr. Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Law, Peter
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Skinner, Mr. Dennis
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob

Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Mark Prisk and
Michael Fabricant

Question accordingly agreed to.

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Local Government (Northern Ireland) Order 2005, which was laid before this House on 2nd March, in the last Session of Parliament, be approved.—[*Mr. Dhanda*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Companies (Audit, Investigations and Community Enterprise) (Northern Ireland) Order 2005, which was laid before this House on 27th June, be approved.—[*Mr. Dhanda*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Criminal Justice (Northern Ireland) Order 2005, which was laid before this House on 28th June, be approved. —[*Mr. Dhanda.*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

DEFENCE

That the draft Army, Air Force and Naval Discipline Acts (Continuation) Order 2005, which was laid before this House on 4th April, in the last Session of Parliament, be approved.—[*Mr. Dhanda.*]

Question agreed to.

SERIOUS ORGANISED CRIME AND POLICE ACT

Ordered,

That the Serious Organised Crime and Police Act 2005 (Designated Area) Order 2005 (S.I., 2005, No. 1537) dated 8th June 2005, be referred to a Standing Committee on Delegated Legislation.—[*Mr. Dhanda.*]

Hepatitis C

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Dhanda]*

10.17 pm

Mr. Bob Laxton (Derby, North) (Lab): In the last Parliament, I was an officer of the all-party parliamentary group on hepatology, which produced a report on hepatitis C in March of this year. My hon. Friend the Minister will have had a copy. Yes, it was hard hitting; it was hard hitting because it deserved to be.

The action taken so far by the Government is failing and will continue to fail those who carry the disease, fail the standards of care that we have come to expect of the welfare state after the second world war and fail to head off a largely preventable disease load described authoritatively by a former US Surgeon-General as a "timebomb" until they recognise that this is a serious threat to public health that has to be prioritised.

Colleagues will not be surprised to learn that I do not often read *The Sun*, but last week its health writer Jane Symons did an interesting piece that reflected the fact that anyone can catch hepatitis C, including Pamela Anderson from "Baywatch", who caught it sharing her husband's tattoo needle. There are a number of ways hepatitis C is transmitted—from sharing needles to blood transfusions that took place before 1991 and sharing razors or toothbrushes with someone who has the virus.

There are estimated to be between 200,000 and 500,000 people who are HCV positive in the UK, but nobody knows exactly how many, although the so-called "Action Plan on Hepatitis C" published in 2004 promised, in the future tense, to develop modelling techniques to assess future numbers of patients requiring treatment. Perhaps my hon. Friend could let me know how far we have come since then on defining numerical parameters of the disease. We know that the great majority of those carrying the infection—80 to 90 per cent. of the total—do not know that they are incubating the disease and are storing up future problems for themselves and for society.

The Government's overall approach could be described—charitably, in my view—as "watch and wait". Actually, it is more like wait, because with 90 per cent. of infections undiagnosed, watch is hardly applicable. Besides, there are no plans for any of the proactive screening programmes that are recommended in the report. With the best will in the world, how can we expect to identify the HCV-positive population otherwise? Perhaps the Government have targets to identify that population. If so, let us hear them today to assess how ambitious and realistic they are and to measure future progress against them.

Watch and wait also fails on two other counts. First, there is increasing evidence from the American Association for the Study of Liver Diseases and from the European Association for the Study of the Liver that the earlier and younger that patients are treated—even if they have perfectly normal liver enzyme levels—the more likely we are to achieve a sustained virological response indicative of a cure. Effective treatments involving ribavirin and pegylated interferon are available and can cure some 60 per cent. of the patients who take them.

Secondly, while watch and wait saves expenditure on cures in the short term, it costs so much more in the long term. Eventually, without treatment, 20 to 50 per cent. of HCV-positive people will develop very unpleasant liver disease—blighting and shortening their lives and placing an extremely heavy burden on the NHS as the number of people with this infectious and transmissible condition grows. I hope that the Treasury has no hand in this short-termism.

No doubt the Minister has been studying our report, which makes 13 recommendations. They would bear repetition in a longer debate, but it would be helpful to know now whether the Government are minded to accept any of those recommendations. My hon. Friend may find it more convenient to write to me at length with her evaluation of the points made. There are, however, two areas that I would particularly like to stress.

First, I was disappointed by the skimpy, one-page chapter in the hepatitis C action plan, which boldly set the question, "International Outlook: How do we Compare?" It proceeded not to answer that question. Basically, this underwhelming chapter tells us something of the incidence of the disease in other countries but nothing—absolutely nothing—about the lessons that we can learn from their successes and failures.

For instance, in France, where the challenge and burden of disease is even greater, 50 per cent. of the HCV-positive population has been identified and a target of 85 per cent. identification set. Where are the targets for England? Closer to home, it is quite clear that the Scots have addressed this issue with more seriousness and speed than we have in England. Some 36 per cent. of the HCV-positive population have been identified—approximately double the 19 per cent. claimed as diagnosed in England in the action plan. I should say that that depends on the Government's low estimate of 200,000 HCV-positive people being correct. All the specialist hepatologists that we spoke to felt that the number was closer to the top of the range—500,000. In that case, the proportion diagnosed in England falls to something like 8 per cent.

It is also clear that Scottish data collection and thinking on screening is in advance of the position in England. Health Protection Scotland is producing an annual report on its Hepatitis C action plan. Where is the English equivalent? Is it not time that we in England set the old exam question of compare and contrast so that officials absorb and apply the lessons from elsewhere?

I hope that my hon. Friend will join me in congratulating the Hepatitis C Trust, which has listened to the recommendation of the report and commissioned a comparison study between what is happening here and what has been done in France, Germany, Italy and Spain. Surely, in such an important area of public health, the Government should be working in partnership with the voluntary sector and taking advantage of its expert knowledge and networks to provide a clear picture of how other countries are dealing with the condition. The compact between the Government and the voluntary sector commits the Department of Health to forge long-term strategic partnerships with the sector and involve it in the planning and delivery of treatment and services. However, in this case it appears that the Department is happy to leave the Hepatitis C Trust to it.

Secondly, I am convinced that we are not adequately addressing the challenge of the disease in UK prisons. Prisons are certainly reservoirs, if not hotbeds, of the disease. I have written to the Minister already about that to give her some advance warning of the matter. A study of a Scottish prison in the *American Journal of Epidemiology* showed a rising incidence of hepatitis C in inmate cohorts the longer they remain in jail. The most likely explanation for that is injecting in prison. The Scottish study found an initial incidence of 16 per cent. infection among inmates in 1999–2000. That is considerably higher than the percentage quoted to me from some now rather aged statistics of 1997–98, which was 9 per cent. among adult men in English prisons. We appear to have a significant proportion of male prisoners in the UK who are HCV positive, with prisoners more likely to emerge HCV positive than when they went in, with the most likely cause of the rising incidence being injected drug use.

The Minister will no doubt say that responsibility is delegated and that patient care trusts bear responsibility for the treatment of prisoners. The reality is that the prison population is transient and inmates can be moved from one end of the country to the other with little or no warning. Unfortunately, the response time for securing treatment is seldom as swift, resulting in halved treatment regimes for some and an absence of treatment for others. It is shocking that prisoners, who are in society's care, should appear to be more likely to emerge from prison with hepatitis C than when they went in and that effective and available methods of preventing that are not being deployed. Action is needed to ensure that the punishment for prisoners with hepatitis C is not an irreparably damaged liver.

Prisoners are not routinely screened for hepatitis C. They should be, because they are a clearly identifiable high-risk population that would be easy to target. We are missing a significant opportunity to address a problem, which will only grow to be far more damaging, by effectively ignoring it. As a former senior medical officer, Dr. S. Hopkins wrote in *The Daily Telegraph* on 24 August 2004:

"The crisis is no longer in waiting. It is here now, fermented in prisons and released in a continuous stream into the general population."

It is a crisis that should be addressed rather than ignored.

I believe that the Government should be doing more, particularly on public education. Hepatitis C is preventable, but unlike HIV/AIDS it is not a virus that many people know much about. Because of the common absence of symptoms, many people tend to be unaware that they have a hepatitis C infection until some time afterwards. For instance, 30 per cent. of people diagnosed with hepatitis C do not display any symptoms and are often unsure of where they caught the virus. A public education programme or campaign should focus on how hepatitis C is caught and, for anyone who already has the virus, how to avoid transmitting it. General practitioners should also be given more support in the treatment of viral hepatitis, perhaps as an enhanced service. A small pilot with specially trained GPs supported by a helpline and a clear set of referral guidelines would be useful.

[Mr. Bob Laxton]

Prevention is better than cure, and that certainly applies to hepatitis C. Allowing the problem to fester only stores up bigger shocks for the future. Different people react differently to hepatitis C. The lucky ones will suffer from chronic fatigue and not have the ability to live their day to day lives as fully as they would like. The unlucky will die of liver disease.

I previously presented a debate on childhood anaemia, a condition that has long-lasting problems in adulthood if left untreated. Hepatitis C is the same. I urge my hon. Friend the Minister to consider the points that I have made and very much look forward to her response.

10.28 pm

Mr. David Amess (Southend, West) (Con): I congratulate the hon. Member for Derby, North (Mr. Laxton) on securing the debate, and I agree with absolutely everything that he said. He and I are fellow officers of the all-party group on hepatology, which was formed in July 2003. We are very grateful for the advice we have been given by the Hepatitis C Trust, which has such diverse patrons as Robbie Williams, Miss Emilia Fox, the Marchioness of Bute and the former Eurovision song contest winner, Miss Sandy Shaw.

As far as the all-party group is concerned, this is a very big problem. It is clear that the Government have accepted that it is a problem. It is certainly encouraging that the Government launched a public awareness campaign in December, but I and other Members are unclear about whether the Government also see it as a big problem. Certainly, the Government are not running a big awareness campaign. There are no billboards and no messages on television or radio. Nor has there been any serious attempt to reach ethnic minorities, although the high prevalence of the disease in countries of origin suggests that those communities may contain many undiagnosed sufferers. Can the Minister tell us what the Government's plans are, apart from translating English information leaflets into other languages?

At the launch in December, the chief medical officer promised that the awareness campaign would be effective, and it is vital—literally, because the lives of those hundreds of thousands of young, undiagnosed people are at risk—that it be effective. Can the Minister assure the all-party group that a full evaluation will be made and that the results will be published?

The campaign is for two years, but I believe that the issue is too important to wait until then to assess its effectiveness. When will the market research exercise by the Minister's Department commence and will it be repeated? What can the Minister tell the House about the first results of the national outcomes indicators, such as the total number of laboratory confirmed hepatitis C infection reports for 2005? I believe that she answered a question put by my hon. Friend the Member for West Chelmsford (Mr. Burns) a few months ago on that point.

If the campaign is ineffective, hundreds of thousands of people will remain undiagnosed and may become seriously ill. Many of them will need liver transplants. How will the Government cope, given that the liver transplant service is already stretched? I have one constituent who, according to the consultants attending him, is No. 1 on the list for a liver transplant, but he has been in that position since just before Christmas. The shortage of livers for people who need transplants is very serious. If the Minister does not have time to reply to those points tonight, I hope that she will write to the all-party group and tell us what the Government plan to do in the next few months.

10.32 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I congratulate my hon. Friend the Member for Derby, North (Mr. Laxton) on his success in obtaining this debate. I commend him for his work as the vice-chair of the all-party parliamentary hepatology group, and I congratulate the hon. Member for Southend, West (Mr. Amess) on his work as chair of the group.

Despite what my hon. Friend has said this evening, I hope that I will be able to assure him that the Government recognise the importance of hepatitis C as a public health issue, both globally and nationally. The Hepatitis C Trust and others in the voluntary sector will continue to lobby Government, because that is their function, but I can assure my hon. Friend that we have good working relationships with the trust and other voluntary sector organisations and, indeed, we provide grant funding for some of their activities. Officials also have regular contact with the trust and have sought to involve it in the awareness campaign. The trust will no doubt continue to press for more, as that is part of their remit.

We are fortunate to have, but are not for one minute complacent about, a relatively low prevalence of hepatitis C compared with other developed countries and many other parts of the world. Even so, hepatitis C represents a major challenge in terms of preventing new infections, reducing the level of undiagnosed infections and ensuring that patients with the disease get the care that they need.

My hon. Friend mentioned the chief medical officer's work to try to highlight the issue in the health community through his infectious disease strategy, "Getting Ahead of the Curve". Demonstrating that the condition was an infectious disease problem required intensified action. Subsequently, in 2002, we published the hepatitis C strategy for England for consultation, with proposals to improve prevention, diagnosis and treatment. Last year, we followed that up with a hepatitis C action plan for England.

I have listened carefully to what my hon. Friend and the hon. Member for Southend, West said this evening. I shall not be able to answer every point, but I am open to meeting representatives of the all-party group to go through its report and recommendations and to discuss the issues further. I hope that we can offer some reassurance that we have begun work in several fields. The four key areas are surveillance and research, increasing awareness and detecting undiagnosed infections, high-quality services for people with hepatitis C and prevention.

Raising awareness is an essential part of the campaign, and in July 2004, after we launched the action plan, we sent all general practitioners and practice nurses in

England a comprehensive hepatitis C information pack for health care professionals. We also sent it to a range of other relevant health professionals because, unfortunately, the knowledge base among those at the front line of our services was quite low.

We also established a new hepatitis C awareness website for health care professionals and the public: www.hepc.nhs.uk. These are still early days, but I am pleased that use of the website is growing; currently, there are about 4,500 visits per month, with a 56 per cent. increase in June 2005 compared with the previous month. That is to be welcomed.

We have supplemented those resources with features in a range of health care journals for professionals and through exhibition stands at conferences. The public awareness campaign for hepatitis C began last December with the introduction of the new NHS hepatitis C telephone information line, which provides confidential information and advice through personal communication and will complement the website and the more general service offered by NHS Direct.

Mr. Lindsay Hoyle (Chorley) (Lab): As my hon. Friend is aware, there are two prisons in my constituency. Is there information for inmates and for staff to warn them about the consequences of hepatitis C and how contagious it can be?

Caroline Flint: I am sure that there is, but I will check. In my former position at the Home Office, I had responsibility for the national drugs strategy and it is important that such links be recognised. Injecting drug users are a vulnerable group, which is why the strategy refers to drug agency teams and multi-agency working. I hope that will include prisons to ensure that effective work is done. As primary care trusts will have a greater role in prison health, they will be looking into those points. As Members will be aware, new legislation introduces drug testing on charge and arrest and mandatory drug assessments, so we shall be addressing hepatitis C and other issues with such people even before they get to court. Home Office officials have assured us that that is part of the package of support given to people whose use of drugs leads to their offending behaviour. I have three prisons in my constituency, and I am aware that the issue is important; the risks are high for people in prison, especially from the shared use of needles.

We are closely monitoring usage of the telephone helpline. In March, for example, there were 242 calls. About six in 10 callers were women and only four in 10 were male, which is interesting given the prevalence of hepatitis C. About eight in 10 callers were calling for themselves, a family member or friend. More than four in 10 calls were for information and advice about the different ways in which hepatitis C can be spread and nearly three in 10 calls were about hepatitis C testing. More than half the callers were aged between 26 and 55. More than one fifth of calls resulted in a referral to another agency—a general practitioner or a specialist voluntary organisation—so that people could take up the support they needed. So I hope that that gives an indication of some of the work that we are doing through the awareness campaign to provide practical access to advice for those people who seek it.

Another aspect and a novel activity in the public awareness campaign is the open-air exhibition of photographs of people with hepatitis C taken by a professional photographer who herself has been successfully treated for hepatitis C. The first exhibition took place in Leicester square in March and has recently begun to tour regional cities, starting in Nottingham last week. The exhibition provides a helpful focus to say that these are people like us and to find another way to reach a wider community in city centres. That approach involves the strategic health authority, primary care trust and others, so where the exhibition takes place, the local health services are geared up to respond to the demand for services or information.

Local and regional media are also involved, and the combination of those three factors has given a tangible sense of focus to the photographic exhibition campaign. We are keeping an eye on the nature and scale of that campaign and how it has worked, as well as anything else that we may be doing. We are not waiting to the end of the programme to decide what works and what does not; we are trying to make assessments as we go along to see what is working. Obviously, we have to look at what is not working as well.

My hon. Friend the Member for Derby, North mentioned improving surveillance of hepatitis C, and I agree that it is important to improve the evidence base as a way to measure progress. We have funded the Health Protection Agency, which is responsible for the national surveillance of hepatitis C, to carry out several projects so that we can get better estimates, identify any trends and model the possible future disease burden to help in the planning of services. For example, the HPA is running a project to improve the data collected when people are tested for hepatitis C, including clinical and risk factor information.

Of local interest to my hon. Friend will be the Trent cohort study of patients infected with hepatitis C, which is co-ordinated by Nottingham university. That study, which the Department is also funding, is investigating the natural history of hepatitis, trends of referral in the region and the effect of antiviral drug therapy on the long-term outcome of hepatitis C-related liver disease. Derby city hospital is participating in that study.

My hon. Friend asked whether, as is proposed by the Scottish Executive, there should be a national database in England to collect information. We will consider the benefits and feasibility of establishing such a database in England when the output of the Scottish system becomes available next year. However, we must judge that against the Trent work to find out what added benefits we would achieve by extending the database even further.

Injecting drug users are an important target group, as they are at greatest risk of hepatitis C. We provided the National Treatment Agency for Substance Misuse with £1 million for local projects to increase the hepatitis C testing of injected drug users and related activities. About 45 local projects were funded, including one by the Derbyshire drug and alcohol action team to develop a new hepatitis C service for drug users in north Derbyshire. Those projects should help forge local partnerships and, we hope, drive up good practice and prevention. We are also funding the NTA to carry out a national audit of needle exchange schemes—one of the actions in the hepatitis C action plan for England. The

[Caroline Flint]

drug interventions programme, as I said, gives us another opportunity to capture a group of people for whom hepatitis C is a real possibility and certainly to screen and test them and get them appropriate treatment for the future.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am grateful to the Minister for giving me an opportunity to participate in the debate and to the hon. Member for Derby, North (Mr. Laxton) for initiating it. I have a constituent by the name of Barry Fitzgerald who must go to Paris and then Milan to get a fibre scan test carried out. I wrote to the Minister to establish how many of those fibre scanning machines we have in the UK. They provide, as she may be aware, a less intrusive way to establish the extent to which hepatitis C has infected the body. The machines cost an individual about £40 to use. I understand that there are no such machines in the UK, so I wonder whether the Minister can clarity whether there is any intention to introduce one in this country.

Caroline Flint: I am afraid that I will have to write to the hon. Gentleman on that issue. I cannot recall whether I have dealt with that letter. I understand that issues about treatment are important and PCTs must look at them in considering how they commission treatment, but I would prefer to write to him in detail about that, rather than respond this evening.

My hon. Friend the Member for Derby, North asked about developing modelling techniques to help to project the numbers of patients. The Trent study will help us to do that and the Department of Health has also funded the Health Protection Agency to allow it to work with the Medical Research Council's biostatistics unit to provide estimates of the future burden of hepatitis C-related liver disease. The results from that ongoing study will be submitted to a peer review journal for publication later this year. Again, such information helps not only Ministers, but hon. Members, because they can raise issues with their PCTs and others about the cost-benefits of work in the area and the way in which larger future costs to the health service can be prevented in the future. The outcome will thus be interesting.

The hon. Member for Southend, West raised a point about targeted awareness. We have plans to implement that, especially for minority ethnic communities. That will start later this year and will form an important part of what we should do. There should not necessarily be a one-size-fits-all approach to campaigning. We must determine how to reach different groups and also decide what each group's concerns might be, because they may vary from one group to another.

My hon. Friend the Member for Derby, North asked about proactive screening. We have published information and guidance for health professionals and the public that highlights those who are thought to be at risk of hepatitis C infection and should thus consider being tested, or be offered testing. That forms part of the awareness campaign. There is a continuing programme to raise awareness of hepatitis C among the public and those at risk. We hope that the awareness website, the telephone service and the regional road shows and photographic exhibitions will all contribute to that.

The prospects for people diagnosed with hepatitis C have improved markedly over the past decade. Antiviral drug therapy has been recommended by the National Institute for Health and Clinical Excellence and has good success rates. NICE is currently considering the case for treating patients with mild hepatitis C in the light of research funded by the Department. Further guidance on that is expected next year, which is why it is important to diagnose people with hepatitis C.

We recognise the importance of hepatitis C as a public health issue. Alongside unprecedented increases in NHS funding, we have provided central support for specific aspects of the implementation of the hepatitis C action plan for England. We have asked strategic health authorities to ensure that local arrangements are in place to provide appropriate services, which will involve collaboration with their primary care trust, clinicians and agencies such as the National Treatment Agency for Substance Misuse, the Health Protection Agency and voluntary sector organisations—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at thirteen minutes to Eleven o'clock.

House of Commons

Tuesday 12 July 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Equipment Loans

1. **Andrew Selous** (South-West Bedfordshire) (Con): What estimate she has made of the cost to the NHS of the failure to return equipment loaned to patients in the last year for which figures are available. [11240]

The Minister of State, Department of Health (Jane Kennedy): As I am sure all hon. Members would want me to do, speaking as Minister with responsibility for the health service in London, may I first pay my own tribute and express my deepest gratitude, which I know we all share, to the health and emergency services for their response last week?

Now to perhaps more prosaic, but none the less important matters—the Department has not estimated those costs. It is for the local national health service and social care bodies to determine how best to provide equipment to meet the needs of individuals. Some equipment can be reused, subject to its condition and to any need to decontaminate it.

Andrew Selous: I am sure that the Minister will agree that public money is precious money, and I hope therefore that she will follow up the concerns of one of my constituents, a retired civil servant, who has brought to my attention the fact that many patients are loaned equipment on a short-term basis, such as chair and bed raisers, stools, helping hands and so on; that there is no follow-up for the return of that equipment—that is purely left to the conscience of the patient; and that the providers of that equipment are making money out of the NHS by the continual loan of such equipment. Will the Minister undertake to look into that to ensure that there is no waste of precious NHS resources across the country?

Jane Kennedy: I am grateful to the hon. Gentleman for raising this issue. He may be aware that in 2000 an initiative called integrating community equipment services was undertaken, through which we have placed greater emphasis on refurbishing and recycling equipment and, as he suggests, tracking the equipment that is loaned. He suggests that that is not working in his location. I would be grateful if he wrote to me specifically about that matter so that I can look into it in the detail that he is obviously requesting.

David Taylor (North-West Leicestershire) (Lab/Co-op): I endorse the remarks of the hon. Member for South-West Bedfordshire (Andrew Selous). There is certainly a problem in the east midlands, not unrelated to the fact that there appear to be no computer systems to track items that are not hugely costly individually, but are very valuable to people on the waiting lists for them. Will the Minister please investigate whether there is some way in which either a regional system or some other means could be developed to track, in particular, wheelchairs and equipment of that kind, which can lie gathering dust while other people could use them?

Jane Kennedy: I understand that the majority of services now pay particular attention to encouraging the return of such equipment and that those services have improved their decontamination, repair and maintenance systems. My hon. Friend will be pleased to hear that improved tracking systems are both enabling services to trace equipment and facilitating its return. However, given the concerns that have been raised today, I will undertake to look into this matter in some depth.

Ethical Recruitment

2. **Mr. Peter Lilley** (Hitchin and Harpenden) (Con): What measures are in place to ensure that the NHS abides by its code of practice on ethical recruitment. [11241]

The Minister of State, Department of Health (Ms Rosie Winterton): Compliance with the code of practice is monitored by NHS Employers, an organisation that works closely with strategic health authorities and trusts to ensure that the NHS abides by the code.

Mr. Lilley: Can the Minister confirm that, none the less, this country imported some 15,000 nurses, largely from developing countries, in the last year for which we have figures, while exporting 8,000 nurses that we trained, largely to developed countries? Are we not at risk of being accused of hypocrisy if we spend a lot of time saying that we should give more aid to Africa, which should help its health service and train its nurses to cure the sicknesses and diseases that we deplore, when it is actually subsidising our health service by sending nurses to this country who, despite the measures that the Minister referred to, end up employed in the NHS?

Ms Winterton: We are the only developed country that has an ethical international recruitment policy. There are about 150 countries from which we do not actively recruit, including all the sub-Saharan African countries. I am sure that the hon. Gentleman will agree that it is difficult for us to stop people applying for jobs in this country and to prevent them from coming here. All sorts of human rights issues would be raised if we were to do that. However, we are clear that the NHS

does not actively recruit in developing countries that say they have problems, and we have recently extended that to cover the independent health care sector as well.

Paul Clark (Gillingham) (Lab): I welcome the Minister's response as there is a need for a strong recruitment code in the NHS in respect of developing countries. Does she agree that there is a need for the NHS to share its expertise with such countries and those that are developing their own services? To that end, will she welcome the work of the Kent and Medway strategic health authority, which is currently hosting 10 Iraqi psychiatrists with the aim of enhancing their skills and knowledge, so that they can return to Iraq to develop their own home-grown mental health services?

Ms Winterton: My hon. Friend is absolutely right on two points. First, many people who come to this country to work in the NHS return to their own countries, taking with them new skills and expertise. Indeed, many Governments encourage workers from their countries to do that. Secondly, the NHS has many contacts with international organisations and other countries to help to train people and improve their expertise. I have met the 10 Iraqi psychiatrists to whom my hon. Friend referred, so I congratulate his trust on facilitating that programme by working with the Department of Health. The programme was greatly dependent on the commitment of Dr. Sadik, who initiated it. It will make a real difference to the development of services in Iraq and I know how much the psychiatrists appreciate the work that is being done.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I hope that the Minister will accept that I recognise the difficulties that she faces in controlling the flow, given what she said. Has she considered the British Medical Association's argument that there could be some form of restitution to countries? We know how many nurses are coming in from these countries, albeit not through active recruitment by the NHS, so could we not propose a scheme through which NHS workers could be funded on NHS salaries to volunteer—I think that they would be willing to do so—to go out in equal numbers to compensate those countries and provide their skills?

Ms Winterton: An active programme of work is under way to do just that. The hon. Gentleman is absolutely right that it is important for us to help developing countries to develop their health care systems in exactly that way. Much of the work is carried out through the Department for International Development, which recently put about £580 million into assisting the development of health care systems. DFID has worked jointly with the Department of Health and volunteers from the NHS. Some 40 per cent. of NHS trusts now have international links to allow volunteers to go to other countries and join in with Government-funded programmes, which are proving to be extremely successful.

Mr. John Baron (Billericay) (Con): Although we recognise that this is a difficult area and that some progress has been made, there is no shortage of evidence to suggest that much more still needs to be done. For example, more than 10,000 work permits were granted last year to health workers from more than 80 countries on the Department of Health's proscribed list. No wonder the BMA has called on the Government to end the rape of the world's poorest countries. Given that the NHS is only commended to use recruitment agencies that comply with its code of practice, will the Government take a further step forward and give their policy real teeth by banning the NHS from using recruitment agencies that have not signed up to the code of practice?

Ms Winterton: We do—absolutely. Let me explain. Virtually everyone in the independent provider sector recently signed up to the code of practice. It is clear that if NHS employers find out that a trust has employed someone who has been recruited through an agency that has actively recruited in a developing country on the list of banned countries for recruitment, the agency will be removed from the trust's list. That extremely important development has taken place recently.

Returning to the question of work permits, I should say that the policy was changed recently so that work permits could not be extended from the time of training. For example, if people have work permits for the period during which they are training as doctors, they are expected to return to their home countries and reapply for a permit if they wish to work full time for the NHS. The changed work permit policy thus reflects some concerns expressed about people moving from training straight into full-time employment in the NHS. As I have explained, we continue to keep the policy under review, but the many recent changes have led to a 28 per cent. fall in the number of nurses recruited from South Africa, for example.

MRI Scans

3. **Mr. Kevan Jones** (North Durham) (Lab): If she will make a statement on the use of the private sector in the provision of MRI scans in the NHS. [11242]

The Secretary of State for Health (Ms Patricia Hewitt): May I add my tribute to all our NHS staff who performed with such heroism last Thursday, and also to the staff and members of the British Medical Association, who gave immediate help to those injured in Tavistock square? I am sure that the whole House will join me in thanking them for their outstanding work.

By 2008, we will be investing in an extra 900,000 MRI scans for NHS patients, doubling the number performed last year. About a quarter of the total number of scans will be carried out by the independent sector, all of them for NHS patients, free at the point of use.

Mr. Jones: I thank my right hon. Friend for that reply. What would she say to the chief executive of the University hospital of North Durham, who wrote to me recently saying that the new MRI scanner in his hospital is considerably underemployed and has been for some time, and that if the money given to the private sector company, Alliance Medical, had been directed to the hospital, he could have increased the number of scans and reduced the waiting list to zero?

The chief executive goes on to say:

"We are not alone. There are a number of hospitals up and down the country that have spare capacity."

Is not this the economics of the madhouse, or is it simple ideological dogma to increase capacity in the private sector when there is underutilised capacity in the NHS, and when my constituents have to travel 30 miles to access private health care in Middlesbrough?

Ms Hewitt: I say to my hon. Friend, and through him to the chief executive, that it is not a question of choosing between NHS hospital capacity and independent sector capacity. We need both to reduce the unacceptable waiting times for scans and to meet our target of a maximum of 18 weeks from GP referral to hospital treatment by 2008.

Furthermore, well before 2008, but certainly by then, University hospital of North Durham will need to use its capacity to the full, either by employing extra staff—and there is a shortage of radiologists and radiographers, which we are investing to overcome—or by making even more effective use of the NHS staff that it has. By 2008, NHS and other centres will provide an extra half a million MRI scans. The funding for that extra capacity is already pledged in the system.

Julia Goldsworthy (Falmouth and Camborne) (LD): The use of the private sector is designed to cut waiting times. The NHS chief executive, Nigel Crisp, said in a recent meeting with MPs that he was confident that by 2008 the NHS will meet the target of no one waiting more than 18 weeks. As the Government do not routinely collect data on waiting times for diagnostic tests, will the Secretary of State undertake to publish the information on waiting times that enables the Department to be confident that the target will be met?

Ms Hewitt: The target for 2008 starts with the GP referral and ends with the hospital treatment. It will therefore involve measuring and reducing the hidden waiting times, which were never counted by the Conservatives, for diagnostics. By March next year at the latest, we are confident that the maximum wait for a CT or MRI scan will be 26 weeks. By March 2007, the maximum wait for all scans will be no more than 13 weeks. We are making good progress and can see the benchmarks. As more information becomes available, we will, of course, publish it.

Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend may recall that I raised this question with the Prime Minister some months ago, and I echo entirely the point made by my hon. Friend the Member for North Durham (Mr. Jones). Luton and Dunstable hospital is in the same situation. If my right hon. Friend is concerned to maximise the use of scans, why is funding not being provided to the hospital so that it can staff its own scanners, which are coming on stream?

Ms Hewitt: My hon. Friend is aware that we have more than doubled our investment in the NHS. By 2008, that funding will have increased to an unprecedented £92 billion a year. That includes additional funding for MRI scans and the other diagnostics that are needed.

I stress again that it is not a question of choosing between an increase in NHS MRI capacity and an increase in independent MRI scans. We need both. The additional capacity for MRI and other scans that is being made available to NHS patients from the independent sector is over and above what the NHS can provide. That is made possible in particular by using radiologists and other staff from other parts of Europe and South Africa to supplement the staff available to the NHS in our country. It is good news for NHS patients that we are cutting the MRI waiting times.

NHS Hospital Trusts

4. **Sir George Young** (North-West Hampshire) (Con): What the overall financial status of NHS hospital trusts in 2003–04 was; and if she will make a statement.

[11243]

The Secretary of State for Health (Ms Patricia Hewitt): The Government have delivered record increases in investment for the NHS—funding that has been used to deliver substantial improvements across a range of services. In 2003–04, the NHS recorded a small surplus of £73 million. In the same year, 204 NHS trusts were in financial balance or had a surplus and 65 trusts posted a deficit.

Sir George Young: The Secretary of State will know that many NHS trusts and primary care trusts, particularly those that do badly out of the funding formula, have been able to reach NHS targets and deliver improved levels of care only by running up substantial financial deficits. Will the right hon. Lady give the House an absolute assurance that the new financial imperatives under which the trusts are now working will not result in unacceptable levels of patient safety?

Ms Hewitt: I know that the right hon. Gentleman will welcome the fact that his primary care trust has had an increase in its allocation from £1.4 billion in 2002–03 to £2.3 billion in 2007–08. There are enormous and unprecedented amounts of money going into the NHS. The reforms that we are making to the system, including money following the patient as patients are enabled to exercise greater choice and control over their health care, will improve patient safety and care rather than damage it.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): Does my right hon. Friend agree that foundation status has brought great freedoms to some hospitals, including Homerton hospital in my constituency, which has excellent financial management and excellent leadership? I would be glad if she were to comment on her recent visit to that hospital.

Ms Hewitt: I had the opportunity recently to visit the excellent Homerton hospital in my hon. Friend's constituency. I am delighted that she has given me the opportunity to place on the record my admiration for its chief executive who, together with her staff, is delivering superb patient care. I especially welcome the fact that the hospital has taken advantage of its new status as a foundation trust to make a rapid decision to invest in and build a new perinatal centre to deal with the fact that in my hon. Friend's constituency, and more broadly in Hackney, there is a high level of

premature births, with all the consequential effects that that has for the life chances of those children. Excellent work is being done.

Mr. Nicholas Soames (Mid-Sussex) (Con): Is the right hon. Lady aware that when the Princess Royal hospital in my constituency merged with the Brighton and Sussex NHS Trust, it did so with a substantial debt? The trust has not recovered from that debt, and because of a number of changes that have been made and a difficult financial situation, it finds itself in some difficulty. Will the right hon. Lady consider the position and when trusts merge ensure that careful attention is given to whether debts should be written down to enable a new trust to start with a clean sheet of paper?

Ms Hewitt: I am not aware of the specific situation of the two trusts before and since the merger to which the hon. Gentleman refers. Given the substantial increase in NHS investment that has taken place in every part of England, it is important that all NHS trusts live within their means. I will look at the specific situation of the hon. Gentleman's trust and write to him about that. I would not generally favour a writing off of historic debts before or after a merger, for the simple reason that that would have to be carried by other parts of the NHS, where services might well suffer as a result.

Mike Penning (Hemel Hempstead) (Con): Will the Secretary of State come to Hemel Hempstead and visit our excellent hospital, which I am sure is just as good as the Homerton hospital? Sadly, we have been snubbed with funding. This year alone, as the right hon. Lady knows, we will be £30 million in debt. Doctors, nurses and clinical staff will be made redundant. Will she come to Hemel Hempstead and explain to my constituents why the Government are doing this to them?

Ms Hewitt: I am in fact meeting the hon. Gentleman and several of his colleagues from Bedfordshire and Hertfordshire later this afternoon to discuss the position in more detail. The national health service in his constituency and right across Bedfordshire and Hertfordshire is receiving, again, unprecedented increases—a 7 per cent. increase in funding over the past year alone. There are serious financial problems right across the health service in Bedfordshire and Hertfordshire. Those must be addressed by the local trusts, and my Department is working with the strategic health authority and the local trusts to resolve those financial problems.

Steve Webb (Northavon) (LD): Under patient choice, if a hospital trust loses business it will get into financial difficulty. When the Department is asked whether the Secretary of State will allow a trust, in extremis, to go to the wall, the answer has been uncertain. Sometimes she has said yes, in extremis a trust can go to the wall. On other occasions it has been said that if there is an accident and emergency department attached, perhaps the casualty department will be kept going. I shall give the Secretary of State the opportunity to make the position clear now, because trusts need to know where they stand. Will trusts, in extremis, be allowed to go to the wall—yes or no?

Ms Hewitt: As a Labour Health Secretary, I shall certainly not force patients to use services that they do not want to use, nor will I allow any part of our country to find itself without accident and emergency services or other health services that people need. The detailed guidance, both on patient choice and on payment by results, will be published in due course, but there will be departments that patients do not want or need to use and those, I have no doubt at all, will either close or be reorganised as a result.

Mr. Andrew Lansley (South Cambridgeshire) (Con): Opposition Members join the Secretary of State and the Minister in a warm appreciation of the magnificent response of NHS staff to the tragic events last Thursday. I think of hospitals such as University College hospital and St. Mary's, which I have visited in the past year, and, indeed, the Royal Free—they all have financial pressures with which they have to deal.

This is an important issue for many those hospitals. In 2003–04, 106 NHS bodies ended the year in deficit, up from 71 the year before. Can the Secretary of State say how many NHS bodies were in deficit at the end of the 2004–05 financial year? She says that much more money has gone into the NHS—but as we need more capacity in the NHS, can she explain why front-line services are being cut not just in Bedfordshire and Hertfordshire, but in Leeds, Bradford, South Teesside, Suffolk, Hampshire, Surrey, Sussex and Cornwall?

Ms Hewitt: All over the country national health services and care for patients have been improving, compared with what we inherited in 1997. I note that eight years ago there were 384 people waiting in Hinchingbrooke Health Care Trust for more than nine months. Today, that figure is zero. With regard to 2004–05, we are anticipating a deficit of around £140 million. That is the total picture. It is around 0.2 per cent. of the total NHS budget. It will be considerably more serious than that for individual trusts, but we will not publish the details of which trusts are in deficit until the 2004–05 figures have been audited.

Mr. Lansley: There are two essential questions: where is all the money going, and does the Secretary of State know how bad the problem is? The National Audit Office said that auditors expressed concern about the financial standing of one third of NHS trusts. A dozen strategic health authorities are reported to have overspent in the last financial year. Leaving aside the net figure of £140 million that she has just cited, what does the right hon. Lady expect to have been the aggregate overspend in the last financial year? It was £366 million in the 2003–04 financial year. I have received reports that that figure has more than doubled, and that it is £800 million in 2004–05. What level of financial support has been provided by the Department, directly or through the NHS bank, to offset those burgeoning deficits?

Ms Hewitt: Every year, all kinds of wild figures are published in various places about the overall deficit. I have just given the figures that have been audited for 2003–04, and we will give the detailed figures for 2004–05 when the audit is complete. The net figure, however, is less than a quarter of 1 per cent for the total

NHS budget. The hon. Gentleman seems determined to ignore the unprecedented increase in national health service funding that we have made available across the country. The minority of trusts with serious financial problems are now being helped to put the necessary financial recovery plans into place, where necessary with the help of the NHS bank.

Andrew Mackinlay (Thurrock) (Lab): Would the Secretary of State mind if I said something controversial? Listening to that exchange, it occurred to me that one problem that is not discussed, particularly by the two Front-Bench teams, is the fact that since 1975 there have been 27 reorganisations of the national health service. What people want most of all is a settlement. When people paint the Forth bridge, they normally finish the job before they start again. Under both Tory and Labour Governments we have altered the NHS. When a new Minister comes in, he undoes what his predecessor did—but what patients want above all else is a settlement and an agreement. The two Front-Bench teams should get together and agree at least some norms to achieve a settlement of the NHS so that we get a better product.

Ms Hewitt: I agree most warmly with my hon. Friend. At least we can agree on the need for long-term sustained increases in funding for our national health service. That is exactly what we have been delivering, and those record increases in funding will continue until 2008 and, indeed, beyond. I hope that my hon. Friend will join me in welcoming that increased support and the stability of funding that we are making available to the NHS. I only regret that the Opposition are unable to do so.

In-patient Admissions

6. **Mr. Shahid Malik** (Dewsbury) (Lab): What changes there have been since 2000 in the number of patients waiting more than six months for in-patient admission. [11245]

The Secretary of State for Health (Ms Patricia Hewitt): The national health service is continuing to make huge progress in providing faster access to hospital care. In May 2000, 282,397 patients were waiting more than six months for hospital operations. That has now been reduced to just below 50,000 patients. By the end of this year, there will be no patients waiting more than six months for in-patient treatment.

Mr. Malik: Can I commend and congratulate my right hon. Friend on the progress thus far on waiting lists? I welcome the target of 18 weeks for waiting lists, which is obviously very different from the position when the Tories were in power, when it was 18 months. Does my right hon. Friend agree that public accountability is central to public confidence? In that context, how does she propose to deal with hospitals that fail to meet their obligations vis-à-vis targets?

Ms Hewitt: My hon. Friend makes an extremely important point about accountability. We are strengthening the accountability of NHS hospitals and other trusts to their local communities through the membership and governance structure of foundation trusts and other means for other NHS trusts. May I take the opportunity to congratulate Dewsbury and District hospital in my hon. Friend's constituency? I recently visited the hospital where, in direct response to requests from women in the community, a midwife-led midwifery unit is doing excellent work and has recently won a modernisation award.

Dr. Julian Lewis (New Forest, East) (Con): What does the Secretary of State think will be the effect on waiting times for in-patient treatment in the New Forest and in Romsey if the cottage hospitals that are under threat of having their in-patient beds closed after a bogus consultation by the local primary care trust do in fact lose those beds? May I thank her for the response given by the Under-Secretary of State for Health, the hon. Member for Don Valley (Caroline Flint) to the Adjournment debate on this subject last week, and ask her, on behalf of cross-party MPs from the New Forest and Romsey area, for a meeting to discuss this truly desperate situation?

Ms Hewitt: I understand that a consultation is taking place and that a close look is being taken at how best to provide services, particularly for elderly patients, in the hon. Gentleman's constituency and nearby. I will take the opportunity to have a look at the record of the Adjournment debate, which I have not seen, and I will ensure that he and his hon. Friends are seen, if not by me, then by one of my ministerial colleagues.

Ed Balls (Normanton) (Lab): I congratulate my right hon. Friend on the progress that she has outlined on reductions in patient waiting times. Does she think that we would have made that progress had we allowed NHS funds to be diverted from the NHS to subsidise people to jump the queue and go private by adopting the Conservative proposal for a privatising patients' passport?

Mr. Speaker: Order. We will leave that question alone. I call David Burrowes. *[Interruption.]* Order. The hon. Gentleman has withdrawn his question.

GP Contract

8. **Mr. Christopher Fraser** (South-West Norfolk) (Con): What assessment she has made of patient satisfaction following the implementation of the new general practitioner contract. [11247]

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): There is no doubt about the success of the new contractual arrangements. Patients are receiving better care, quicker access to GPs and nurses, and more services delivered locally. GPs are more satisfied because they are better rewarded for offering more services and for delivering better care.

Mr. Fraser: Does the Minister accept that patients registering with the practice rather than with a specific GP causes concern, as my constituents want their personal care delivered by someone whom they know and ask for?

Mr. Byrne: The new contract underpins some important changes in primary care. As I outlined, that care involves better and faster treatment, as well as delivering more specialisms and wider services locally. Part of the reason for ensuring that registrations are often with practices as opposed to individuals is that more GPs are engaging in sub-specialisms. There are now 1,400 GPs with a sub-specialism. We promised to deliver 1,000 under the NHS plan by 2004, and we achieved the target a year early.

Jonathan Shaw (Chatham and Aylesford) (Lab): Patients in Snodland are delighted with the new contract. Indeed, I opened a £2 million new medical centre in Snodland just the other day. On the same day, there was a ground-breaking ceremony for a £5 million new medical centre. What else is my hon. Friend going to do for my constituency?

Mr. Byrne: I congratulate my hon. Friend on that excellent news. As he says, the new GP contract is underpinning a revolution in primary care. It is absolutely essential in helping GPs to play their part in cutting mortality rates. It is no accident that death rates from cancer are down by 12 per cent. and that death rates from coronary heart disease are down by 27 per cent.—it is because the policy is right and is backed by the investment that patients such as those in my hon. Friend's constituency rightly deserve.

Hywel Williams (Caernarfon) (PC): Would the Minister concede that there is huge dissatisfaction in rural areas with the delivery of the out-of-hours service? What steps has he taken to ensure its effective and efficient implementation?

Mr. Byrne: I am grateful to the hon. Gentleman for that question. I know that he has some expertise in the subject and I welcome the speech that he made, to which I listened carefully.

It is worth pointing out that before the new GP contract was introduced, fewer than 5 per cent. of GPs provided their own out-of-hours cover. The new arrangements will ensure that the skills mix and team working that are well established in both primary and secondary care apply out of hours, accessed through a single call to NHS Direct.

Dr. Brian Iddon (Bolton, South-East) (Lab): The national Hepatitis C Trust has informed me that several patients have approached it after being either misdiagnosed by their GP or waiting an inordinate amount of time to be referred for either a biopsy or treatment. What processes exist to link patient feedback to GPs' continuing professional development? How will the new GP contract and appraisal system aid that activity?

Mr. Byrne: The hepatitis C action plan is an important part of that, but it is up to primary care trusts to ensure that their contractual arrangements are audited effectively so that remedial action is taken when quality is found not to be up to the standard that it needs to be.

James Brokenshire (Hornchurch) (Con): There is a question about responsiveness. Following the previous question about flexibility, how flexible is the contract? Can it change to reflect the increased prevalence of other chronic conditions such as hepatitis C? What role do patients and the feedback from patients play in that?

Mr. Byrne: Primary care trusts are the local health professionals responsible for ensuring that needs in their communities are addressed. That is why they have a responsibility to audit the care that general practices provide in their area and to take remedial steps whenever they find that it is not up to the mark.

I stress that the new GP contract is delivering some important gains for constituencies throughout the country. The fact that 99.9 per cent. of people see a GP within 48 hours or a primary care professional within 24 hours is due to the new contract. Achievement in the quality in outcomes framework exceeds 95 per cent. Again, that is down to the new contract. Those changes are important. I am sure that that is why the chair of the British Medical Association's General Practitioners Committee said:

> "I believe the introduction of the new GP contract marks the beginning of a change that will be better for patients and better for everyone working in general practice."

That includes people in the hon. Gentleman's constituency.

Dr. Andrew Murrison (Westbury) (Con): The Under-Secretary knows that one aspect of traditional primary care that is most highly valued by patients is GP support for community hospitals. Yet following the introduction of the new GP contract, GPs' out-of-hours cover for community hospitals has been greatly reduced. What assessment has he made of the threat to community and cottage hospitals following the introduction of the new contract? What will he do to ensure their long-term survival?

Mr. Byrne: As the hon. Gentleman knows, about 50 community hospitals were announced as a manifesto commitment.

However, I want to be clear about the impact of the new GP contract on out-of-hospital care. The Department of Health has made it clear that primary care trusts must fulfil national quality requirements when they put arrangements in place. We can be confident that those arrangements will be satisfactory only because of the unprecedented investment that the Government are putting into primary care, not only the £54 billion that is available for local management through primary care trusts but the £322 million extra that was provided to ensure adequate out-of-hours cover.

Cancelled Operations

9. **Miss Julie Kirkbride** (Bromsgrove) (Con): How many operations were cancelled in (a) Worcestershire NHS Acute Trust and (b) England in the last year for which figures are available. [11248]

The Minister of State, Department of Health (Ms Rosie Winterton): The Department of Health collects figures on operations that have been cancelled for non-clinical reasons on either the day of admission to hospital or after admission, on the day when the patient is admitted. There were 943 operations cancelled at Worcestershire NHS Acute Trust during 2004–05. Nationally, the figure was 68,576.

Miss Kirkbride: Is not the Minister remotely ashamed of the figures that she has just announced, given the human misery that they represent? Does she realise how upsetting it is for hospital staff to have to ring people on the day of a cancelled operation to say that they should not come in, despite their acutely painful condition? Does she appreciate the trouble that it causes the people involved, who might well have suffered a sleepless night and made extensive arrangements with their friends and family to cover their time in hospital? Does she not accept that the Government's focus on targets, targets, targets, instead of clinical priorities makes those figures so shameful?

Ms Winterton: It would be interesting to know which targets the hon. Lady would like to scrap. I would have thought that she would be congratulating her local NHS staff on reducing the number of cancelled operations from about 2.3 per cent. in 2004–05 to 1.9 per cent. now. That figure is still higher than the national average, but her local staff—whom I hope she will support—are working on the issue of bed management within the local trust. One of the difficulties has involved increased admissions through accident and emergency units. The purpose of the work is to ensure that people are discharged early from hospital and not kept there inappropriately, and that there are no inappropriate admissions through A and E. I would have thought that the hon. Lady would congratulate her local NHS staff on that work, because they are working very hard to give the highest quality services to patients.

Mr. Michael Foster (Worcester) (Lab): Will my hon. Friend explain how the number of cancelled operations in Worcestershire would have been reduced if the Conservatives had won the last election and taken £1 billion out of the national health service budget—

Mr. Speaker: Order. That is not worth answering.

Peter Luff (Mid-Worcestershire) (Con): The Minister will know that the Worcestershire Acute Hospitals NHS Trust is under great financial and practical pressure, and that it regularly operates at or beyond its designed capacity, hence the problem with cancelled operations. In that context, will she explain how the proposal to close two wards at Evesham community hospital, to transfer services away from that hospital and to remove GPs from caring for patients there will result in the increase in capacity that Worcestershire's health economy so desperately needs?

Ms Winterton: First, I should point out that the local PCTs in the hon. Gentleman's area have received about £43 million extra funding this year. I understand that the issue that he has raised is still being considered. I know that it has been the subject of an Adjournment debate, and I gather that it has been under consideration since that time. I am perfectly prepared to write to the hon. Gentleman to update him on the situation if that would be helpful.

Patient Choice

10. **Mr. Pat McFadden** (Wolverhampton, South-East) (Lab): If she will make a statement on policies to increase choice for NHS patients. [11249]

The Secretary of State for Health (Ms Patricia Hewitt): From the end of this year, national health service patients will be able to choose from four or more hospitals when referred by their general practitioner. By 2008, they will be able to choose from any health care provider that meets NHS standards and prices.

Mr. McFadden: I thank the Secretary of State for her reply. Does she agree that, where choice has been introduced so far—for example, in offering patients a shorter waiting time in exchange for having their operation done somewhere other than their local hospital—it has been a success? Does she also agree that while choice will not operate in exactly the same way in the public and private sectors, it is essential that as the Government increase investment in the NHS to record levels, it should be matched by the empowerment of patients to ensure that they have increased control over the timing, nature and location of their treatment?

Ms Hewitt: I entirely agree with my hon. Friend. Patients are telling us very clearly that they want more choice and more control over their health care. We can see the policy of increased patient choice working very well in the city of Wolverhampton in my hon. Friend's constituency. For example, since the beginning of this year, patients there have had a choice of two or more hospitals for cataract operations, which has helped to bring the maximum waiting time for such operations down to three months, four years ahead of the target that we set in the NHS plan. Similarly, since April, NHS patients in Wolverhampton have had a choice of two or more hospitals for heart treatment and cardiac surgery, which improves the quality of care available to them.

David Tredinnick (Bosworth) (Con): Does the Secretary of State agree that choice for NHS patients will be dramatically reduced if the food supplements directive is introduced in its present form? A decision on that matter was upheld by the European Court today. What will she do to secure an opt-out from the directive? Does she agree that many hundreds of safe nutrients will be taken off the shelves as a result of its introduction? The measure is deeply unpopular and the Government have done nothing like enough to get involved and to stop it.

Ms Hewitt: I discussed this very matter with Commissioner Kyprianou some two weeks ago, and my hon. Friend the Under-Secretary of State for Health, the hon. Member for Don Valley (Caroline Flint), discussed it with patients' representatives and the industry just last week. We will continue to press for the lightest touch possible implementation of the directive, and we will ensure that the providers who are already making

available a wide and growing choice of vitamin and food supplements to the public in Britain and elsewhere can continue to do so. That is what the providers want to be able to do, it is what the public want, and we will ensure that they can continue to get it.

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): Does my right hon. Friend intend the choice agenda to apply to patients suffering from mental health conditions? If so, how does she envisage that it will work?

Ms Hewitt: The commitment that we have made in relation to choice, such as the choice of four or more hospitals by the end of this year, applies specifically to in-patient treatment. As my hon. Friend will be aware, there is rightly a growing emphasis in the treatment of patients with mental illness on treating them wherever possible in their own homes and in the community. There is a much wider agenda, however, to ensure that people with depression and other mental illnesses can exercise more choice and control over their treatment, for instance by having a range of different therapies available to them. That is widely welcomed, not only by users of mental health services but carers and families of mental health patients.

Mr. Patrick McLoughlin (West Derbyshire) (Con): A year ago, my constituents had the choice of going to see their GP on a Saturday morning. When will they get that choice back?

Ms Hewitt: Following the negotiation of the new GP contract, primary care trusts are making available to patients and users a range of out-of-hours services, including those provided by our ambulance service and emergency care practitioners. The new GP contract responded to the strongly expressed views of most GPs that they did not want to continue being responsible for providing that out-of-hours service themselves. That is why it is essential that primary care trusts in the right hon. Gentleman's constituency and elsewhere ensure that there is proper provision for out-of-hours service. It is also why we are continuing to expand NHS walk-in centres, which are available every day of the week, every day of the year.

Paul Farrelly (Newcastle-under-Lyme) (Lab): With respect to patient choice in the NHS, may I raise with my right hon. Friend the case of my constituent, Lynne Burton, who suffers from advanced breast cancer? At the moment, Lynne cannot be prescribed Herceptin, the drug of her consultant's choice, because she does not meet the rather restrictive criteria, and if she did, local funding might be problematic. When will the Department relax those criteria and license Herceptin for early-stage breast cancer to give women a better choice and a chance of fighting that terrible disease?

Ms Hewitt: My hon. Friend raises an extremely important point. We are already urgently considering referring Herceptin to NICE for appraisal in relation to use in early-stage treatment of breast cancer. We have also asked Professor Mike Richards, our national cancer director, to consider the issues surrounding the introduction of Herceptin across the national health service, including managing the potential gap between licensing the use of the drug for early-stage treatment and publication of a NICE appraisal. He will report back to us in the autumn, and we will then make appropriate decisions.

Mr. Simon Burns (West Chelmsford) (Con): May I remind the Secretary of State, before she seeks to rewrite history, that it was her Government in 2001 who signed up to the food supplements directive lock, stock and barrel, without questioning any of its contents? May I also remind her that it is only due to the all-party group, the Opposition parties and the help of Carole Caplin that the Government have sought to get involved at this late stage? Given that we now hold the presidency of the EU for six months, is not it time for her to act on her Prime Minister's instructions and start to fight for Britain's interests and for those hundreds of thousands of people who need and rely on food supplements and vitamins, rather than pretending that the fault does not lie at her Department's feet for doing nothing for four years?

Ms Hewitt: It was, of course, this Government who helped to establish the four-presidency, now six-presidency, initiative to ensure that regulation in the European Union was proportionate, appropriate and light-touch in its implementation. As a user of vitamin and food supplements myself, I certainly intend to ensure that we—as holder of the presidency of the European Union for six months and, separately, as representative of the United Kingdom's interests—secure the implementation of the directive, which has now been upheld by the European Court of Justice, in a sensible and light-touch manner so that users and the public here in Britain can continue—*[Interruption.]*

Mr. Speaker: Order. The hon. Member for West Chelmsford (Mr. Burns) asked a favour of me: he asked me to allow him to put a supplementary question. Now he interrupts the Secretary of State when she replies. That is bad manners, and I will not allow it. Has the Secretary of State finished her reply?

Ms Hewitt: I wanted to make one more point, Mr. Speaker.

The industry has already submitted 500 dossiers on different food supplement products with no great difficulty.

Alzheimer's Disease

11. **Sir Nicholas Winterton** (Macclesfield) (Con): What drugs are available on NHS prescription for Alzheimer's disease patients. [11250]

The Minister of State, Department of Health (Jane Kennedy): This is a bit of a low blow. It is only because I have a high regard for the hon. Gentleman that I do not simply refer him to the answer I gave my hon. Friend the Member for Stafford (Mr. Kidney) last month.

As the hon. Gentleman knows, four drugs are licensed for the treatment of the effects of Alzheimer's disease: Aricept, Exelon, Reminyl and Ebixa.

Sir Nicholas Winterton: What a lovely answer from a most charming Minister. May I ask her, however, why the draft guidance from the National Institute for Clinical Excellence states that those four valuable drugs, which could bring great benefit to those suffering from Alzheimer's disease, should not be prescribed on the national health service?

Two meetings were held here last week, in which the Alzheimer's Society was involved. At both, horror and condemnation of the guidance were expressed. Given that professional psychiatrists were not allowed to sit on the appraisal panel and that the advice of those who sent the panel evidence has been ignored, will the Government intervene immediately and insist that the drugs be prescribed to these vulnerable people on the NHS without delay?

Jane Kennedy: The original assessment of the drugs, issued in 2001, still applies, and patients already receiving them will continue to do so. NICE employs a very transparent process for the appraisal of drugs. It gives stakeholders, including patients' groups such as those that the hon. Gentleman mentioned, an opportunity to make representations on the economic model as well as commenting on the proposals themselves. I would expect NICE to take careful account of all such comments before making its final appraisal.

Mr. Eric Illsley (Barnsley, Central) (Lab): I am grateful to the Minister for that information, but I remind her that last week was Alzheimer's awareness week. Many Members will have visited local Alzheimer's societies, as I did. There is considerable apprehension as they await NICE's decision, which I understand is imminent. May I ask the Minister again to use whatever influence she has to try to ensure that those drugs remain available to Alzheimer's sufferers on the NHS?

Jane Kennedy: As I said last time the subject was raised, NICE has an international reputation. It will decide on the form of its final guidance taking account of all views expressed to it as part of the consultation, and we trust it to make informed, fully considered recommendations on the drugs. I know that there will be intense interest in the matter, and I am sure that we shall return to it in the future.

Sandra Gidley (Romsey) (LD): When taking into account the health professionals who use these drugs, will the Minister acknowledge that little research that is applicable to daily use has been undertaken since the original guidance was issued, and that it was a complete surprise when a different decision was taken? If, as is widely expected, the NICE decision is negative, will she allow the drug to be available for an ongoing period, in order to enable an in-depth study that will prove once and for all whether these drugs are effective? Such a study has not yet been undertaken.

Jane Kennedy: I do not accept the premise on which the hon. Lady's question is based. I repeat that the existing guidance, produced in 2001, remains in place until the final guidance has been issued. She should not jump to conclusions about what that final guidance should be. We should wait and allow NICE to take its time, and to reach a decision on the proper advice and guidance that it will issue in due course.

Waiting Times

12. **Simon Hughes** (North Southwark and Bermondsey) (LD): What the difference is between average waiting times of those referred for treatment (a) by their local general practitioner and (b) elsewhere within an NHS trust in (i) London and (ii) England; and if she will make a statement. [11251]

The Parliamentary Under-Secretary of State for Health (Caroline Flint): Waiting times for referrals other than those made by a general practitioner are not collected centrally. Average waiting times for patients waiting for their first out-patient appointment following GP referral have fallen to seven weeks, from 7.7 weeks, in March 2000 nationally, and to 7.5 weeks, from 7.9 weeks, in London. By 2008, no patient will have to wait more than 18 weeks for hospital treatment, starting from referral to point of treatment.

Simon Hughes: Will the Minister consider that those in Southwark who are referred by their GP to the orthopaedic department at Guy's and St. Thomas' have to be treated within 13 weeks, but that there is no time limit for those who are referred from elsewhere in the hospital? In the words of the chief executive, that does not

"ensure equal access to patients regardless of source of referral."

Such an arrangement is clearly inequitable and not based on clinical need. Will she do something about it?

Caroline Flint: I am pleased to say—perhaps the hon. Gentleman did not listen to my earlier reply—that we are doing something about it. We are able to introduce for patients a wait of no longer than 18 weeks from first referral to treatment, which means that we can cut out the hidden waiting lists that often emerge within our health system. Because we have not only reformed the health service but resourced it, we are confident that we can achieve that.

Computer Misuse

3.32 pm

Mr. Tom Harris (Glasgow, South) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the Computer Misuse Act 1990; and for connected purposes.

In moving this motion, may I first of all pay tribute to the work undertaken by the all-party group on the internet, which carried out a thorough review of the Computer Misuse Act 1990, and whose recommendations form the basis of the Bill that I present today? I want particularly to thank my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt). He presented a similar Bill to the House in March of this year, but in the end it was defeated by the timetable for the general election.

My Bill will revise the 1990 Act to take account of commitments made in European instruments in respect of combating and effectively punishing attacks against computers, and it will update the Act in other areas. It will amend section 1(3) to increase the term of imprisonment for a related offence from six months to two years. It will amend section 3(7) to increase the term of imprisonment for a further related offence from five years to 10 years. It will amend section 3 in order to clarify that all means of interference with a computer system are criminalised. In particular it will ensure that adequate provision is made to criminalise all forms of denial-of-service attacks. It will also give effect to article 6(1)(a)(i) of the convention on cybercrime, which requires criminalisation of the distribution of, or making available of, a computer password through which a computer system is capable of being accessed, with intent to commit an offence.

This Bill will, I hope, meet with the House's approval. It contains only six clauses, has no financial implications, implements measures that have been approved by Ministers and Parliament and is, I hope, relatively simple. As last year's report by the all-party group on the internet demonstrates, these measures already have cross-party support. I trust this will remain the case after I finish my speech. As the report pointed out and as every Member of this House will doubtless accept, the worldwide web has changed out of all recognition in the past 15 years, as has the nature of cybercrime. The media like to imagine that hacking, virus proliferation and denial-of-service attacks using e-mail are the product of bright but lonely and socially challenged teenagers sitting in their bedrooms. That is an outdated, inaccurate and, I think, dangerous notion. Those who regularly and increasingly hold website operators to ransom are more likely to be members of an organised crime syndicate than the school computer club. It is time that cyber crime was recognised for the serious crime that it is.

Following the recent sentencing of teenager Joseph James McElroy to 200 hours of community service for breaking into a US Government laboratory system, detective chief superintendent Len Hynds, the former head of the national hi-tech crime unit, called on the Government and the courts to reform sentencing policy to reflect the damage caused by hackers breaking into government and private sector computer systems. He said:

"The internet has grown up and we need to say to people who think its fun to rifle through people's private files that they are actually committing a crime".

My Bill seeks to specify a new offence of denial of service. A denial-of-service attack occurs when a deliberate attempt is made to stop a computer performing. Examples include attempts to flood a network, thereby preventing legitimate network traffic; attempts to disrupt the connections between two machines, thereby preventing access to a service; attempts to prevent a particular individual from accessing a service; and attempts to disrupt services to a specific system or person.

Denial-of-service attacks can essentially disable one's computer or one's network. Some denial-of-service attacks can be executed with limited resources against a large, sophisticated site. For example, an attacker with an old PC and a slow modem may yet be able to disable much faster and more sophisticated machines or networks. One form of such attack could mean a large number of remote computers being orchestrated to attack a target at the same time. In some cases, the attacks overwhelm the connecting links to a machine rather than the machine itself. That can result in significant collateral damage that extends beyond the machine being attacked. Denial-of-service attacks are extremely common on today's internet. At the lower end of effectiveness, the blips in traffic are hardly noticeable, but we are told of cases at the other end in which large university networks have been made unusable for hours at a time.

The chief constable of Greater Manchester, Michael Todd, was bombarded with thousands of threatening e-mails in a denial-of-service attack shortly before the May Day bank holiday this year. At one point, 2000 e-mails were being sent every hour. The purpose of the attack was to crash the force's computer systems through the volume of e-mails being sent. Cambridgeshire police were subject to a similar denial-of-service attack almost two years ago, when thousands of spam e-mails told recipients that their credit cards were about to be charged for an iPod that they had purchased unless they phoned a customer service number. The customer service number turned out to be the switchboard at Cambridgeshire police, which was deluged by thousands of people who had received the hoax e-mail. Closer to home, a gun control website contacted me two years ago to complain that one of my constituents, a gun enthusiast, had bombarded the site with so many e-mails over a short period of time that their server had crashed.

The Computer Misuse Act 1990 came into force on 29 August 1990 and specifies offences for attacks against computer systems or data. Criminal denial-of-service attacks are regularly made on gambling websites both in the United Kingdom and elsewhere. Such attacks are invariably accompanied by demands for amounts between £10,000 and more than £100,000 in order to make the attacks stop. The impact on gambling businesses has been severe. The national hi-tech crime unit has become involved in the investigations, but the perpetrators are believed to be based abroad, which sets some limits on what can be achieved quickly.

The second part of the Bill deals with the length of sentences. At present, offences under section 1 of the Computer Misuse Act 1990 can be dealt with only in a magistrates court, where the maximum penalty is six months in prison and/or a fine of £5,000. A conviction in a higher court currently applies only to offences defined in sections 2 and 3 of the Computer Misuse Act. In those cases, the maximum penalty is five years in prison or an unlimited fine.

By increasing the tariff on these crimes, the House would be sending a message to the courts and the public prosecution service that these crimes must be taken seriously and that, where appropriate, custodial sentences must be applied. Home Office figures show that, when an offence under the Computer Misuse Act is the principal offence with which someone is charged, only about a third of those found guilty are given custodial sentences. When such an offence is not the principal offence, the proportion is very small indeed.

It is regularly claimed that the cost of cleaning up virus or worm attacks runs into billions of pounds. The current level of sentences does not reflect the seriousness of such offences. This Bill would therefore raise the maximum sentence for a conviction under section 1 of the 1990 Act to two years. That would have a number of indirect benefits. It would make an offender subject to extradition procedures, and also make it possible to prosecute for a criminal attempt, even where such an attempt had not succeeded.

Before I conclude, I wish to draw the House's attention to a recent NOP survey conducted on behalf of the national hi-tech crime unit. It estimates that the minimum cost of the impact of high-tech crime on UK-based companies with more than 1,000 employees is no less than £2.5 billion every year.

As the worldwide web grows both in size and in its influence on all our daily lives, the threats posed to all of us by cybercrime also grow. Although high-profile denial-of-service attacks have been made against e-commerce and, especially, gambling sites, the UK Government and the country's critical infrastructure are also vulnerable. It is essential that we have a law in place to make prosecution possible when offences are committed, because that will send the strong and unambiguous message that e-crime will be treated with the utmost seriousness.

I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Tom Harris, Mr. Ian Austin, Mr. John Spellar, Gordon Banks, Michael Gove, Jessica Morden, Ms Emily Thornberry, David Mundell, Derek Wyatt, Charles Hendry, Mr. Alan Reid and Michael Fabricant.

COMPUTER MISUSE

Mr. Tom Harris accordingly presented a Bill to amend the Computer Misuse Act 1990; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 2 December, and to be printed [Bill 42].

Opposition Day

[5TH ALLOTTED DAY]

Tax Credits

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

3.42 pm

Mr. George Osborne (Tatton) (Con): I beg to move,

That this House commends the Parliamentary Ombudsman and the Citizens Advice Bureau on their reports on Tax Credits; notes with concern their conclusions that many thousands of low income families are suffering financial hardship as a result of the serious problems with the administration of tax credits; further notes the huge cost to the taxpayer of these problems; calls on the Government to implement as soon as possible all the Ombudsman's recommendations to improve the tax credit administration; in particular calls on the Government to adopt the Ombudsman's recommendation to set up a statutory test for recovery of excess payments of tax credits consistent with the test that is currently applied to social security benefits, with the right of appeal to an independent tribunal and calls on HM Revenue and Customs to suspend all recovery of tax credit overpayments until this reform has been completed; and calls on the Chancellor of the Exchequer to explain the Government's failure to provide low income families with the service they deserve; and requests that he conduct a fundamental review of the structure and administration of tax credits, as recommended by the Ombudsman.

This is my first opportunity in the House to express my sadness and sorrow to the victims of last week's murderous bombs, and to the injured who continue to suffer. I have just seen pictures on the television news of those who died. That brings home in a very graphic way how many lives have been so cruelly snatched away from us. I think that is an appropriate opening to an Opposition day debate, as democratic debate must continue undaunted.

Today's debate is about people like Mr. Crow and his family, from Dover. They have two kids, a mortgage and no spare cash. Mr. Crow recently took a job as a carer and became entitled to tax credits. When his pay rose, he did what he was supposed to do and informed the Inland Revenue. He was told that the increase in his pay was to be disregarded. A year later, he has been told that he has been overpaid and that he now must pay back the difference. His working tax credit has been reduced from £35 a week to £2.44 for the entire month. That family has been forced to go into debt or lose their home.

This debate is also about people like my constituent Helen Thompson, a single mother. She contacted the helpline and was told that she could keep an overpayment of £3,000, even though she had offered to pay it back immediately. Out of the blue, the Revenue demanded that money back, with the result that she could not meet her child care costs. She faced losing her job, and only the intervention of my constituency office caused the Revenue to change its position.

This debate is also about people like the lone parent in the report by Citizens Advice, who received no tax credit payments whatsoever for the last few weeks of the financial year. She had to resort to Salvation Army food parcels to feed her children.

[Mr. George Osborne]

Every Member of the House knows that, sadly, those are not isolated examples. Citizens Advice handled 150,000 cases in the last year alone. The parliamentary ombudsman now spends a quarter of her time on tax credit cases, and the Revenue has recently admitted to me in writing that it is dealing with 51,000 complaints, 9,000 of which were referred to it by Members.

The blunt truth that the Government have to confront is that the tax credit system

"is failing the very families most in need of extra money, causing hardship that the system is designed to prevent, and making it more difficult for people to save or to hold down a job, rather than supporting saving and employment."

Ed Balls (Normanton) (Lab): Will the hon. Gentleman give way?

Mr. Osborne: I am delighted to give way to the architect of tax credits, as I have just read out a quote from Citizens Advice.

Ed Balls: Tax credits have helped to reduce child poverty by a million since 1997, and the Government are committed to the goal of halving child poverty by the end of the decade. Does the Conservative party share that goal?

Mr. Osborne: I am absolutely delighted that the hon. Gentleman intervened; I suspected that he might be in the Chamber today. In his constituency, 4,100 of his constituents received the wrong award, which was 41 per cent. of the people who applied. In his constituency alone, £2.9 million was overpaid to people he represents. If he is happy with that record, so be it; I do not think he should be. On child poverty, I know that he likes to do his homework so perhaps he should read the report from the Institute for Fiscal Studies, "Poverty and Inequality in Britain: 2005", produced earlier this year, which states that owing to the administrative problems with the new tax credits there was an increase in child poverty by 90,000 after housing costs and 80,000 before housing costs. I am not sure whether the hon. Gentleman has read that document, but I suggest that he does so before he intervenes again.

Ed Balls *rose—*

Mr. Osborne: Oh, the hon. Gentleman has already read it.

Ed Balls: I am grateful to the hon. Gentleman for giving way again. I shall rephrase my question. Child poverty rose by 4 million between 1979 and 1997. As a result of the working families tax credit and the introduction of child tax credit, child poverty has now fallen by a million since 1997 and, because of tax credits, is forecast to fall further. The Government are committed to halving child poverty by the end of the decade and to abolishing it in a generation. Is the Conservative party committed, like the Government, to the abolition of child poverty and to halving child poverty by the end of the decade? It is a simple question: yes or no?

Mr. Osborne: We are committed to policies that reduce child poverty. We are not committed to policies that have increased child poverty. As the IFS said, the introduction of the new tax credits has led to an increase in child poverty by about 90,000 after housing costs and 80,000 before housing costs. The hon. Gentleman says that the system has helped all those families, but he has obviously not read the reports that we are debating today—for example, the CAB report, which states that the tax credit system has plunged many below the breadline and into mounting debt; or the parliamentary ombudsman's report, which talks of families having to borrow money from family and friends to support their children, using up their life savings or running up credit card debts to pay for child care costs, buy food and get to work.

Ed Balls *rose—*

Edward Miliband (Doncaster, North) (Lab) *rose—*

Mr. Osborne: I will happily give way to the other Ed, the other architect of the tax credit policy. Is the hon. Gentleman proud of a system that has plunged many below the breadline?

Edward Miliband: I am grateful to the hon. Gentleman for giving way. We are asking for simple intellectual honesty from him. Under the tax credit system, child poverty has fallen by about a million. Does he acknowledge that, and does he acknowledge the responsibility of tax credits in cutting child poverty? It is a simple question—yes or no?

Mr. Osborne: No, I do not acknowledge that the present tax credit system has helped in the reduction of child poverty, because I have in front of me the IFS report, which states that the administrative problems with the new tax credits led to an increase in child poverty by 90,000. That is in the document.

Edward Miliband *rose—*

Mr. Osborne: Unless the hon. Gentleman has read the document—*[Interruption.]* He has? Then I will give way.

Edward Miliband: The hon. Gentleman says that the present system of tax credits has not helped to tackle child poverty, but One Parent Families said in its Budget submission in 2005:

"Tax Credits have delivered substantial improvements in the levels of income delivered to lone parents, and evidence suggests that they will have helped achieve the impressive expected reduction of child poverty by a quarter by 2004/05."

That organisation is saying that we have helped to tackle child poverty through tax credits.

Mr. Osborne: The hon. Gentleman obviously has not read the words of the Child Poverty Action Group—if he wants to trade organisations—which says that the way that the tax credit system operates has created, rather than prevented, hardship. I know that the hon. Members for Doncaster, North (Edward Miliband) and for Normanton (Ed Balls) are fiercely keen to defend their reputation and that, to an extent, their reputation depends on the success of tax credit policy—we will see how that fares over the next couple of years—but they

should own up to the mistakes. The very fact that they do not own up to them shows how out of touch many Labour Ministers and those who advise them have become with the problems that their tax credit system has created. The person who is more disconnected from that reality than anyone else is the Chancellor of the Exchequer himself: the man who has put tax credits at the heart of his empire.

We understand that the Chancellor is in Brussels today, but he must be as disappointed as we are that he has missed yet another chance to defend his policy to the House, for he invented tax credits—no one else. He made them complicated and intrusive—no one else. He presided over his own Department's errors and incompetence—no one else. Yet when it comes to admitting his mistakes, it is anyone else but the Chancellor. When it comes to explaining how the Government are sorting our his fiasco, it is anyone else buf the Chancellor. Above all, when it comes to apologising to the thousands of families who are suffering hardship as result of his chaotic administration of tax credits, it is anyone else but the Chancellor.

Rob Marris (Wolverhampton, South-West) (Lab): The hon. Gentleman mentioned figures of 50,000 or 150,000 complaints. My understanding of tax credits is that they have helped—or changed the income of, to put it in more neutral terms for his purposes—6 million families. With a back-of-an-envelope calculation, that suggests an administrative problem of about 3 per cent. on his figures. The Government admit in their amendment to the Opposition motion that there are administrative problems. All hon. Members admit that there are administrative problems. First, will he say what percentage of administrative problems he thinks is acceptable for any Department? Secondly, to change the focus, will he say whether he supports tax credits, because he is arguing that they are putting families into poverty, yet his own motion does not pursue the logic of that and suggest that they should be abolished?

Mr. Speaker: Order. Shorter interventions would be helpful.

Mr. Osborne: Thank you, Mr. Speaker. Perhaps the hon. Gentleman will catch your eye later, so that he can explain that the error rate is not 3 per cent. He should consider his own constituency. Of the 8,200 tax credit awards there, 1,100 were unpaid and 2,600 were overpaid. That is very considerably more than 3 per cent. Indeed, in total the overpaid and underpaid awards come to almost half the entire tax credit awards in the country. We are not talking about small amounts of administrative error.

We have finally managed to bring Browne to the Dispatch Box, but with respect to the Chief Secretary, we have got the wrong Mr. Browne. The Prime Minister has said sorry and the Paymaster General has said sorry, but we have not heard a word from the architect of tax credits himself. Indeed, the last time that the Chancellor answered any questions on tax credits in Parliament was more than a year ago, and he has had plenty of opportunities to do so.

Mr. Ian Austin (Dudley, North) (Lab) *rose—*

Mr. Osborne: Perhaps the hon. Gentleman will apologise on behalf of the Chancellor.

Mr. Austin: I should like to ask the hon. Gentleman three simple questions. Does he accept that child poverty trebled when the Conservative party was in power? Does he accept that it has been cut by 1 million under this Government? Will he tell us—with a straight answer, yes or no—whether he supports the Government's objective of halving child poverty by the end of the decade?

Mr. Osborne: The hon. Gentleman has obviously not listened to the earlier exchanges. Of course any party that believes in a civilised and compassionate society wants to reduce child poverty. The point of the debate is that many tens of thousands of families have been plunged into child poverty as a result of the tax credit system fiasco. If he has not yet become aware of that in the couple of months that he has been a Member of Parliament, I suggest that he hold more constituency surgeries and he will discover what is going on in his constituency.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will my hon. Friend tell us later how much the implementation of the tax credit system has cost the country? Bearing in mind that it is fundamental to a lot of people, how much will all the complaints and the wrong awards cost the nation? How much of the money that we want to go to people who need it is thus not arriving there?

Mr. Osborne: My right hon. Friend does not have to wait for the rest of my speech because I am happy to tell him now that the cost of the administration of tax credits has increased tenfold to more than £400 million. More than 3,000 people are now employed just on the helpline. We are all, as taxpayers, paying for the mess that the Chancellor has created.

How did we get into this mess? We all know that the introduction of tax credits in 2003 was shambolic. No one who was an MP at the time is likely to forget that. Hundreds of thousands of families were left without the financial support on which they relied. At the height of the crisis, there were 1.7 million attempts in a single day to contact the Revenue helpline—*[Interruption.]* The hon. Member for Normanton is muttering. I suspect that he had a special phone line in the Treasury when he was working there, but none of the 1.7 million people who were trying to contact the Revenue got hold of his number—perhaps they would have shouted all sorts of abuse at him if they had.

It took four months before the system was stabilised. Thanks to the work of the Public Accounts Committee, we now know that the testing period for the new information technology system was cut significantly before it went live. We do not know who ordered it to be cut, so perhaps the Chief Secretary to the Treasury can tell us today. We also still have not seen the Government's gateway review, which said that the IT system was going to work well, so will the Chief Secretary publish that without further excuse?

Since the initial fiasco, we have had one software problem after another. Some 500,000 families received duplicate payments and 82,000 households had to find the cash to repay the Revenue for its own mistakes. In the past financial year, 60,000 people who told the Revenue that their income had changed found that their

[Mr. Osborne]

partners' income was reduced to zero as a result. They were then overpaid tax credits that were clawed back from them. The Revenue might think that the mistakes have been rectified, but families are still living with their consequences, as the reports that we are examining today make clear.

One mother facing an overpayment of £5,000 told the ombudsman:

"we are in the process of remortgaging our house to cover payments for credit card and loan repayments. My husband and I are at breaking point due to the pressure and stress."

I am sure that the hon. Member for Chorley (Mr. Hoyle) has heard similar examples in his constituency surgery.

Mr. Lindsay Hoyle (Chorley) (Lab): The hon. Gentleman is generous in giving way. Of course we have heard about mistakes and many complaints have been made. Any MP who holds surgeries will know the number of people who come to them with problems, but allowing for that, everyone in the Chamber will recognise that child poverty must be something that we put into history. Will the hon. Gentleman make it clear whether the Conservatives would, if elected, scrap tax credits? His answer to that question would address a lot of the issues today.

Mr. Osborne: With the greatest respect to the hon. Gentleman, I shall get to the future of the tax credit system later in my speech, so I shall happily take an intervention then. Again he talks about isolated cases, but of the more than 11,000 people in his constituency who receive tax credits, half were made an incorrect award. He cannot seriously be happy with that as the Member for Chorley.

Mr. Hoyle: Never once have I stated that I am happy when judgments are wrong—far from it. I am the first to complain to the Minister and to take up issues on behalf of my constituents. I hope that other hon. Members also do that. We do not need any lectures from the hon. Gentleman.

Mr. Osborne: I was not giving the hon. Gentleman a lecture, but merely filling him in with the details about his constituency.

The Paymaster General gives the impression that the difficulties are teething problems that are on their way to being resolved. However, as we all know from our surgeries—this is probably as true in Chorley as it is in Tatton—the problems continue. We know of families who found that eligible children were simply deleted altogether from a tax credit award. We know of people whose repeated attempts to inform the Revenue of overpayments have been ignored. We know of mothers whose Sure Start maternity grants have been refused because the system said that they were not in receipt of child tax credit, although in fact they were. We know of people who have received multiple award notices on the same day, each saying something completely contradictory.

When people try to get in touch with the Revenue to ask for help, what do they find? In the words of the ombudsman, their experience is a "very dismal one". People phone, write, complain and appeal, but they still fail to get a satisfactory response for months, despite the fact that, as I pointed out to my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin), more than 3,200 people now work on the helpline and more than 400 people are dealing with complaints. That is the system today, not during the crisis of the initial launch or the computer errors that affected hundreds of thousands, but now, two years after the tax credits system was launched. It is all documented in the damning independent reports of the parliamentary ombudsman and Citizens Advice.

Mr. Austin: Will the hon. Gentleman give way?

Mr. Osborne: I gave way to the hon. Member for Chorley (Mr. Hoyle) and I now want to make progress.

How could the Paymaster General have possibly told Parliament:

"The system has been stable and performing very well . . . for well over a year"?—[*Official Report*, 7 February 2005; Vol. 430, c. 1254W.]

The parliamentary ombudsman certainly found it puzzling. She says in her report:

"the cases I have investigated lead me to the conclusion that such reassurances"

by the Paymaster General

"did not give a complete picture of what has been happening".

That is a devastating and, as far as I am aware, an unprecedented rebuke of a Minister by Parliament's watchdog. Why did the Paymaster General say that the system has been performing very well? Did she not see what every other MP sees in their surgeries, or did she choose not to tell Parliament the whole story? I hope that she gives a full account of herself today.

What hundreds of thousands of low-income families want to know is not how the Government got into the mess but how they are going to get out of it. That is the second issue. The Paymaster General told us on 26 May this year that she was taking steps to sort out some of the ongoing problems. It was at least a recognition that we were no longer dealing with teething problems. I welcome those proposals—for example, making the award notices more intelligible and improving the helpline service—but frankly the reforms go neither far nor fast enough.

Citizens Advice agrees with that, as the Paymaster General knows. It explains that even the modest proposed changes could take up to 18 months to implement. That is 18 months of poor information, more bad advice and more inadequate support. It is not acceptable. The Chief Secretary should confirm—I assume by his presence that he is now in charge of tax credit policy—that the Government are going to implement in full the 12 specific recommendations in the parliamentary ombudsman's report. They go much further than the changes announced by the Government and include clearer information about overpayments and additional tax credits, training for staff to recognise cases of hardship, and automatic payment of additional tax credits to overpaid families in receipt of income support.

Will the Chief Secretary also immediately suspend plans to move a further 800,000 of the lowest income families who currently receive their tax credits from

Jobcentre Plus to the Treasury's chaotic systems until the problems are resolved? No one else should be subjected to yet more misery and hardship at the hands of this Treasury.

There is a specific recommendation on the recovery of overpayments that is particularly important. The ombudsman says that she does not consider that

"the present internal system for determining whether sums should be repaid operates in a fair and transparent manner."

That is why she suggests introducing a statutory test for the recovery of overpayments and a right of appeal to an independent tribunal—in other words, a test that puts the onus on the Revenue to get the awards right in the first place and that is consistent with that which has long been applied to social security benefits, which everyone but the Chancellor of the Exchequer knows are the same as tax credits.

I agree with the ombudsman on that statutory test. It is why it is part of the motion. So does the right hon. Member for Birkenhead (Mr. Field) who, with other Labour MPs, has tabled an early-day motion on the subject. Will the Chief Secretary confirm that the Government will introduce that statutory test and whether he is going to implement the other recommendations in the ombudsman's report?

That brings us to the third issue. In the absence of a statutory test, what is the Government's position on reclaiming overpayments? We have finally discovered that, in the first year of operation, the Revenue overpaid an astonishing £1.9 billion to 1.9 million people. When my hon. Friend the Member for North Thanet (Mr. Gale) asked the Prime Minister about overpayments, he said:

"the Paymaster General has said already that we will not seek to get the money back if the error is on the part of the Inland Revenue."—[*Official Report*, 22 June 2005; Vol. 435, c. 798.]

That is what the Prime Minister said at the Dispatch Box. In case people think that it might have been a mistake, he repeated it a week later at Prime Minister's questions. That is not consistent with what the Paymaster General is telling us. She says that overpayments caused by errors by the Inland Revenue will only be written off if the claimant could not possibly have spotted the error themselves. Indeed, we are now told—perhaps the Chief Secretary can confirm this—that 98 per cent. of overpaid tax credits have been automatically reclaimed. Is that correct? If it is, it is very different from what the Prime Minister promised people from the Government Dispatch Box.

Mr. David Laws (Yeovil) (LD): It might help the hon. Gentleman if I say that I received a letter from the Prime Minister only yesterday confirming that, although the policy is to write off overpayments where there is an official error, he would like to clarify that this is only where the claimant should have reasonable cause for thinking that they were paid the right amount. In other words, it is not a change of policy but exactly as it was before.

Mr. Osborne: There we go. Perhaps the Prime Minister will be seeking an early opportunity to make that clear to the House. It seems like another battle between No.10 and No.11 that No.10 lost.

Rob Marris: The hon. Gentleman has misquoted my right hon. Friend the Prime Minister.

Mr. Osborne: I did not misquote the Prime Minister. If the hon. Gentleman turns to column 798 on 27 June, he can read the Prime Minister's words, which I repeated in full. Perhaps the hon. Gentleman will join me in calling on the Prime Minister to explain why he misinformed the House not only on one occasion, but twice.

Dr. Julian Lewis (New Forest, East) (Con): Can my hon. Friend throw any light on why so many mistakes have been made by the Inland Revenue? Is there a common theme to this litany of error and what steps, if any, have the Government been taking to ensure a higher level of competence?

Mr. Osborne: My hon. Friend, with great prescience, brings me to the last section of my speech. He asks whether there is a common theme. There is a common theme in a number of different ways. For example, there is a common theme with the computer projects that the Government have introduced throughout Whitehall. There is a common theme with the various pet projects that the Chancellor has dipped his fingers into, such as individual learning accounts, stakeholder pensions or pension credit. One of my favourites—it is little known—is the link-up between Cambridge university and the Massachusetts Institute of Technology that the National Audit Office had to crawl all over. I can see that this is all bringing back happy memories for the hon. Member for Normanton.

Mr. Frank Field (Birkenhead) (Lab): The hon. Gentleman says that he is coming towards the end of his speech. I hope that before he resumes his place he will answer one question that poses in a different form questions that have already been asked. No one can say that my right hon. Friend the Chancellor of the Exchequer is not keen to redistribute income. Taxpayers have given up a 5p reduction in the standard rate of tax to finance tax credits. If the hon. Gentleman were Chancellor, would he use the money in exactly the same way or in a different way?

Mr. Osborne: That is an entirely fair question and it is literally a matter to which I am turning. Perhaps the right hon. Gentleman, who has a bit more patience than some of his right hon. and hon. Friends, will listen for a second. As he knows, there is a growing body of opinion that says that we need a far-reaching review of the tax credits system. In her review, the ombudsman says that it is rightly a task for Parliament and the Government—not for her—to address the

"fundamental question as to whether, for people on modest incomes who have to budget and plan their finances carefully to manage their lives, the inbuilt instability or uncertainty really works."

The chairman of the Inland Revenue, the man charged with administering tax credit, thinks that we need a review. In the *Financial Times* last week he said:

"if there are real problems in discharging the policy"—

on tax credits—

"... then you'll have to debate what the right policy is."

We know that the Prime Minister would probably support a review. It is an open secret that he has never liked the Chancellor's tax credits. If we read the

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Westminster Hall debates that have been held on this subject, it is clear that a growing number of Labour Members have called for a review. Even the hon. Member for North Durham (Mr. Jones), who, I understand, is one of the Chancellor's henchmen, has called for a fundamental, root-and-branch review. All those Members are right. We need that fundamental root-and-branch review. We need to ask whether the current system of annual payments can ever meet the needs of people whose income and circumstances can change week by week. We need to ask whether people on low incomes will ever have the flexibility in their budgets to repay the overpayments that are an inherent part of the current tax credit system.

We need to ask whether we should consider moving to a system where payments are fixed for longer and require fewer changes. That is something to which I am attracted, but it is something that should be reviewed before we come to a definite conclusion. We need to ask whether it is right that hard-working families on average incomes are paying taxes to fund means-tested benefits for people earning £66,000 a year. That is something that a review should consider.

Tax credits were designed to tackle child poverty, but as I have said repeatedly, the Institute for Fiscal Studies has shown that their administration has plunged people and their children into poverty. There could hardly be a greater indictment of the Chancellor's policy. Families have been pushed below the poverty line by Government incompetence. Single parents have been forced to rely on Salvation Army food parcels to feed their children. Tens of thousands of people have been driven to despair and hardship.

Ed Balls *rose—*

Mr. Osborne: With the greatest respect, I am about to finish my speech.

Is that really what we want from a 21st-century welfare system? Is it not time that that the Chancellor and his minions took a long hard look at his cherished tax credits? Is it not time that he had the courage to take the rap for his own mistakes?

4.10 pm

The Chief Secretary to the Treasury (Mr. Des Browne): I beg to move, leave out from "House" to end and add

"supports the Government's strategy to make work pay and provide financial support to families through tax credits; welcomes the fact that over 6 million families and 10.5 million children are benefiting from tax credits, with first year take-up of around 80 per cent., compared to just 57 per cent. for the Family Credit system inherited by the Government; recognises that far more families than ever before are benefiting from help with childcare costs; notes that tax credits are central to the Government's goal of abolishing child poverty; further notes that tax credits have helped ensure there are 1.5 million fewer children in poverty and have helped 275,000 lone parents into work; recognises the need to balance the demands for a simple system with the need for a system that responds to people's changing circumstances, giving most help to families when they need it most; acknowledges the IT and administrative problems that accompanied the early stages of implementation; and welcomes the measures announced by the Government for improving the administration of the system."

May I echo the entirely appropriate words of the hon. Member for Tatton (Mr. Osborne) about the sad events and consequences of the terrorist attack in this great city last week? We have all been moved and impressed by the dignity and resilience of the people who were tragically affected by those events. Our thoughts continue to be with them, and I am grateful to the shadow Chancellor for his words as, I am sure, are all hon. Members.

The shadow Chancellor made two allegations about my right hon. Friends misleading the House, whether inadvertently or otherwise. The accusation that my right hon. Friend the Paymaster General misled the House about the stability of the IT system is incorrect. I accept that the shadow Chancellor relied on the ombudsman's report for his assertion, and that he was reporting it to the House. My right hon. Friend, however, did not mislead the House. There has not been a failure of the tax credit computer system since tax credits were introduced in April 2003. The Paymaster General made a statement about the performance of the IT system, its speed and reliability over the previous year. I am happy to confirm that the system has been performing well in terms of speed and availability for that period. There were, of course, well-publicised problems—we will come on to deal with some of them—in the early days when the system did not perform as expected. With a system of this size and complexity, there are occasional glitches, but I am happy to refute the assertion that my right hon. Friend the Paymaster General misled the House.

As for the assertion that my right hon. Friend the Prime Minister misled the House by saying that overpayments due to error would be written off, that is not the case. Both the Prime Minister and the Chancellor reported accurately the policy that Her Majesty's Revenue and Customs write off overpayments where there is official error. There is, however, a long-standing principle that official error requires both a mistake on the part of the Revenue and reasonable belief on the part of the claimant that they were being paid the right amount. Neither the Prime Minister nor the Chancellor were doing anything other than reporting the long-standing principle.

Mr. Laws: Does the Chief Secretary expect us to take that response seriously? When the Prime Minister was asked in the House whether there would be an amnesty in each and every case where the Treasury was responsible for an overpayment, he said that

"we will not seek to get the money back if the error is on the part of the Inland Revenue."—[*Official Report*, 22 June 2005; Vol. 435, c. 798.]

What does the Chief Secretary think people in the country would have understood by that?

Mr. Browne: I am grateful to the hon. Gentleman for giving me the opportunity to restate the position. Of course, that was an expression that there would be a write-off if there was official error. He knows—

Mr. George Osborne: An error by an official.

Mr. Browne: Well, an error by an official. I do not want to be pedantic. The hon. Gentleman reads the quote to me and it contains the phrase, "an error by an official". As I understand it, that is otherwise official error, is it not? I think I am right.

Official error has a long-standing definition, which includes a mistake on the part of the Revenue and the claimant reasonably thinking they were being paid the right amount. The qualification is necessary to strike the right balance between fairness to claimants and fairness to taxpayers as a whole. I shall come later to the question of the extent to which the overpayments could or could not have been known to individuals, but it could not possibly be the case that it would not matter to what extent a claimant knew that the error had been made.

Mr. Stephen Dorrell (Charnwood) (Con): The Chief Secretary's defence of the Prime Minister is based on the proposition that there is a long-standing definition of the concept of official error, which includes the implied terms to which the Chief Secretary refers. If the definition is so long-standing, can the right hon. Gentleman point to any previous example of a Government claiming that in their defence?

Mr. Browne: I am not in a position to do that, but I suspect that, in the context of decisions as to whether or not errors are official errors, these tests are regularly applied. I shall research the matter and if I am in a position to do so, I shall write to the right hon. Gentleman.

Mr. Dorrell: I am grateful to the Chief Secretary for at least being straight with the House. I give notice that I shall table a question to the right hon. Gentleman and give him the opportunity to set before the House the precedents that he is claiming.

Mr. Browne: I am grateful to the right hon. Gentleman for that opportunity, but I have already said that I would do that.

Mr. Laws: I wish to clarify the fact that the words "official error" were not part of the Prime Minister's response. He said that

"we will not seek to get the money back if the error is on the part of the Inland Revenue."—[*Official Report*, 22 June 2005; Vol. 435, c. 798.]

How does the Chief Secretary explain the statement that the Chancellor of the Exchequer made on 23 June to GMTV, when he said:

"Where there's been a mistake by the Inland Revenue and where we are to blame as a Government then we will not take the overpayment"?

There is nothing in that about official error at all.

Mr. Browne: I rest my case on the position as I have explained it to the House. I have made my position clear and I shall follow up with the further research that I have undertaken to conduct. In my remarks to the House this afternoon, I intend to answer each of the points made by the hon. Member for Tatton, the shadow Chancellor, but—

Rob Marris: Perhaps the situation is different in Scotland, but when I practised as a solicitor in England, there was the concept of mistake of law and mistake of fact. If someone was overpaid by some body, part of the test that the court would apply was whether they could reasonably have realised that that overpayment was an overpayment. That has been an inherent part of the English legal system for decades.

Mr. Browne: I am grateful to my hon. Friend for his contribution to this part of the discussion. I do not think other hon. Members would thank me for continuing it. I have made my position clear. I ought to be able to provide the information that the right hon. Member for Charnwood (Mr. Dorrell) seeks. I will try to do that, to support it. Having practised law in Scotland, I am very familiar with the sort of principles to which my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) refers.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Chief Secretary give way?

Mr. Browne: No, I think I have said enough on the matter. I intend to make some progress with my speech.

As I said, I intend to answer each of the points made by the hon. Member for Tatton, but I find it extraordinary that in the speech that we have just heard, there was barely any mention of the benefits that the Government's system of tax credits is bringing to millions of hard-working families right across Britain. Even when the shadow Chancellor was given the opportunity to comment on what is now accepted in relation to child poverty, he could not bring himself to concede that that progress had been made.

Six million families now benefit from tax credits. As a result, 10.5 million of the nation's 13 million children now receive more generous support—that is 10,000 families on average in each of my right hon. and hon. Friends' constituencies; indeed, in each right hon. and hon. Member's constituency. The shadow Chancellor is no doubt armed with figures from my constituency, as from everybody else's, about the number of overpayments or underpayments that may have been made, but the fact is that on average, across the United Kingdom, 10,000 families in each of our constituencies are benefiting from this policy.

In the first year of the new system, take-up of tax credits was around 80 per cent., compared with just 57 per cent. for the family credit system that we inherited when we came to power in 1997.

Mr. Clifton-Brown: As my hon. Friend the Member for Tatton (Mr. Osborne) pointed out, in many constituencies up to half of all claims are calculated wrongly and underpaid or overpaid. Does the Chief Secretary think that that level of error is acceptable and, if not, what level of error does he think acceptable?

Mr. Browne: The hon. Gentleman anticipates part of the speech that I wish to make. I do not accept that all those calculations are in error, and it should become clear to him, as I develop my remarks, why that is. On a pedantic point, the figure of 50 per cent. as regards the calculations involving overpayment and underpayment is not entirely correct—although it is not far short of correct.

As a result of the Government's strategy to make work pay and to provide financial support for families through tax credits, there are now 1.5 million fewer

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children in poverty, and 275,000 lone parents have been helped into work. Reforms since 1997 mean that by October this year families with children will, on average, be better off to the tune of £1,400 a year in real terms; and those in the poorest fifth of the population will be, on average, £3,200 a year better off. While it is right that we should debate the effectiveness of the administration of the system—I shall come to the specific points made by the shadow Chancellor in due course—the extent to which hard-working families have benefited from credits and the contribution that credits have made to tackling poverty is the proper context in which today's debate should be seen.

Before I deal with administration, I want to remind the House why we introduced the tax credits system and what it replaced. The family credit system that we inherited had several problems, as identified in the 1998 report on work incentives by Martin Taylor. In particular, four areas gave us considerable concern: first, it acted as a disincentive to finding work; secondly, it was an insufficiently generous award; thirdly, it was fundamentally inflexible and unable to take into account changes in circumstances; and fourthly, it gave too little assistance with the costs of child care provision.

I might point out that the Liberal Democrats accepted that analysis at the time, and it was further supported by their then spokesman, the hon. Member for Northavon (Steve Webb).

Mr. Laws: I presume that the right hon. Gentleman is going to describe the whole series of amendments that my hon. Friend the Member for Northavon (Mr. Webb) tabled, including on having a statutory test and dealing with the problem of overpayments.

Mr. Browne: I have no such intention, because most of those amendments were withdrawn after debate and explanation of the way in which the system would work, and after the hon. Member for Northavon had expressed satisfaction with those explanations.

At some stage, it might be useful to hear from the Liberal Democrats why they changed their minds on the analysis of the support that working families need, as reflected in their recent manifesto. It will be interesting to hear the reason for that change of heart.

We introduced the working families tax credit six years ago to deal with some of the issues that the Taylor report—and, indeed, the Liberal Democrats—raised. That was the start of the necessary process of reform. We tried to ensure that work paid more than being on benefits, that take-up increased and that we gave proper support for child care costs. Today, the child tax credit and the working tax credit continue that approach and deliver the desired outcomes more effectively.

The credits also offer the chance of paying the child tax credit directly to the main carer, mainly the mother. For the first time, tax credits can be adjusted to reflect changes in the number of children in the family, working hours, child care costs or family income. That means that we can provide the greatest support to families who need it most when they need it most.

We need to acknowledge the value of tax credits and the help that they provide in people's everyday lives. Today's system replaces an inflexible and unfair approach that did little to incentivise people into work and little, if anything, to lift children out of poverty.

Despite the criticisms, support for the approach came not only from the Liberal Democrats but from the recent Citizens Advice report. Part of our disadvantage as Members of Parliament is that when we refer to such substantial documents, we cannot all read them, and they are capable of supporting different views. The first paragraph of the Citizens Advice report states:

"We firmly support tax credits as a vehicle for directing substantial extra money towards lower income families."

The Government share the organisation's ambition for the system to work effectively for all who are entitled to extra help.

Let me read part of the foreword to the health service ombudsman's report, to which the shadow Chancellor referred so freely. The third sentence of the foreword states:

"This report does not suggest that the new tax credit system is in general disarray; on the contrary it recognises that, given the scale of the undertaking, its introduction has been broadly successful".

Hon. Members might be surprised that that was the ombudsman's view, given the shadow Chancellor's deployment of selective quotations from her report.

Mr. Laws: I would not want the Chief Secretary to mislead anyone about what Citizens Advice has said. I presume that he has seen its latest briefing note to hon. Members, which states that it is misleading to claim that Citizens Advice was strongly in favour of moving to a more responsive system of tax credits and that it was concerned that overpayments would be made under the new system. Does the Chief Secretary agree?

Mr. Browne: I have not seen the document to which the hon. Gentleman refers.

Mr. Laws: It was circulated.

Mr. Browne: It was not circulated to me. I do not know whether that was deliberate or an error.

Mr. Speaker: Order. I am reluctant to interrupt the proceedings. However, although I appreciate that, so far, the word "misleading" has been used for documents, I ask hon. Members to be careful about using the term when it relates to an hon. Member. I am just firing a warning shot at this stage.

Mr. Browne: Thank you very much, Mr. Speaker.

The hon. Member for Yeovil (Mr. Laws) asked me whether I agreed that the quotation that he read out from a document from Citizens Advice that I have not seen was correct. I have no way of knowing, but I trust him, and I do not think that he would read it incorrectly. So I accept that he has read it correctly, if that is the answer that he is seeking from me. He has achieved what he was seeking to achieve.

Ed Balls: Does my right hon. Friend agree that, far from misleading the House, the shadow Chancellor

made very clear his unwillingness to commit the Conservatives either to halving child poverty by the end of the decade or to continuing with the tax credit system in order to achieve that? Will my right hon. Friend confirm that the Government remain committed to halving child poverty by the end of the decade and to maintaining the tax credit system as the best way to achieve that?

Mr. Browne: I have no difficulty in agreeing with my hon. Friend on that. As he knows, that is the mainstay of our social policy. I shall explain in a moment why it is significant that the shadow Chancellor is unprepared to commit himself or his party to that objective, which might help us to understand why he is so critical of the system.

The House will be pleased to know that my right hon. Friend the Paymaster General has recently had meetings with the authors of the reports that I have just quoted, namely, the office of the ombudsman and Citizens Advice. She has also had a meeting with the adjudicator who also prepared a report. They all reiterated their support for our policy of supporting working families and children through the tax credit system.

In an economy in which people move between jobs more often, and in which their circumstances change more quickly, our challenge is to adjust child tax credits to respond to changing income patterns as quickly as possible. I should like to put that challenge into context. Three million people shift jobs each year in the United Kingdom labour market, and their income changes are often substantial. In addition, some 700,000 children are born each year, each of whom receives a rate of tax credit in accordance with their individual family circumstances. This fast-moving environment requires a balance between flexibility and certainty, while avoiding undue complexity and information overload.

That is why one of the decisions that we took at the outset—after consultation, I might say—was to set a disregard for increased income up to £2,500. Claimants do not have to tell Her Majesty's Revenue and Customs if their income rises in one year by less than £2,500 and, importantly, if their award is not affected by such a change. This allows a cushion, provides incentives and spares people who see some changes in income unnecessary paperwork. It has been suggested—I think that the hon. Member for Yeovil has encouraged the suggestion—that the disregard represents a written off overpayment. That is a bit like describing the personal tax allowance as a failure to collect income tax. It is simply not the case.

Our families need flexible support such as this to help with the demands of the modern globalised labour market. Tax credits have made a real contribution to halving child poverty by 2010, and to the successful performance of our labour markets, which are the envy of the world. Because of this contribution, those who criticise tax credits need to make clear whether they actually support the stated policy. They must make a choice between a less responsive system that cannot respond to changes in income—which admittedly would be easier to run—or the current approach, which can respond but generates greater complexity.

We still do not know whether the Opposition are supportive of working through those challenges, or whether they share our aim to lift more children—indeed, all children—out of poverty through the use of tax credits, among other things. We do not know whether they will continue to refuse to face up to the difficult decisions required to achieve that aim, or whether that is their aim at all. It is really quite simple. If they believe that the idea of tax credits is wrong, they should say so. We could then debate the positive and negative impacts of that policy along appropriate lines. If they think that tax credits are right, our purpose today should be to work constructively to improve their administration, not to undermine a programme that has benefited many people, and particularly many children.

John Bercow (Buckingham) (Con): Much of the debate so far has focused on the incidence and consequences of overpayments. We should not, however, neglect the issue of underpayments. Given that in the hundreds of thousands of such cases there has necessarily been an increase in hardship and indebtedness, will the Chief Secretary confirm that in each and every case, when people get their due, the payment of commercial interest on top will be included as a minimum and, better still, the payment of a substantial sum in compensation for distress and anxiety caused?

Mr. Browne: I cannot give the hon. Gentleman that undertaking, although I accept entirely why he should ask for it and think that that payment should be made to those who have been underpaid. Underpayments are much rarer than overpayments, however. People are much more likely to report changes in circumstances that they think will result in an increase in their tax credit than it appears that they are to do the opposite. That is why the retrospective balancing needs to be done at the end of the year. My information is that the system reacts quickly to such claims of changes in income circumstances, and that there is no necessity for us to build into it a system of compensation when the Revenue already has a compensation mechanism that can be triggered as appropriate.

John Bercow: I shall have a second stab at a different aspect of the issue. The Chief Secretary had a spat earlier with my hon. Friend the shadow Chancellor and the hon. Member for Yeovil (Mr. Laws) on the issue of the responsibility of the claimant to know if he or she was being overpaid. Does he agree, as he is part of the architect team for the policy, that there is a difference between someone who, by computer error, finds that he is paid £20,000 for the year rather than £2,000, and someone who is paid perhaps a few hundred pounds more? Does not he accept that it is not the responsibility of the citizen to be able to work out the complex minutiae of what goes on in the Chancellor's mind?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before the right hon. Gentleman answers, may I say to the hon. Member for Buckingham (John Bercow) that I live in hope that his stabs will become progressively shorter?

Mr. Browne: We would all be the less entertained were that the case, but that might be an objective that the hon. Gentleman would seek to achieve. The fact is that he makes an important point. I accept entirely that we

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ought to share an objective in terms of the administration of the system achieving his desired outcome. I will come in due course to the implementation of the proposals made by my right hon. Friend the Paymaster General on 26 May. There is a recognition that communication between the Tax Credit Office and the claimant is important, and we are taking steps to improve that. I accept that there are circumstances in which the onus ought to fall more on the Tax Credit Office than on the individual, but since the likelihood of underpayment more probably arises from a reduction in a person's income, that information is more likely to be known to the claimant than to the Tax Credit Office, and the onus ought to rest firmly on the claimant to report that change of circumstance. I am sure that he understands that this is not a straightforward matter, and that it is yet another one of the complexities that flexibility generates. We need to get to grips with those complexities if we are agreed—as I suspect that he might be—that flexibility in the system is important.

Mr. George Osborne: This is an opportune moment to ask the Chief Secretary about the statutory test, which we have called for, which is in the parliamentary ombudsman's report, and about which the right hon. Member for Birkenhead (Mr. Field) has tabled an early-day motion. Such a test would help to establish on what grounds money should be reclaimed when there has been an overpayment. Will he give us a clear answer now as to whether the Government will introduce a statutory test?

Mr. Browne: On the basis of our current advice, we have no intention of introducing a statutory test. If the hon. Gentleman will be patient, I shall deal with the question of appeals and how we handle overpayments in due course.

As I was saying, the problem is that we simply do not know the Conservative party's true position. More people than ever before are receiving tax credits to help with the costs of bringing up their children, but the Conservatives cannot bring themselves to support that.

The proportion of workless households with children had fallen from just over 16 per cent. in the spring of 1997 to a little over 13 per cent. by the autumn of 2004, and the lone parent employment rate rose from a little over 45 per cent. in 1997 to nearly 56 per cent. in 2004. Tax credits have played their role in helping parents move into work. There is clear evidence from respected independent commentators such as, ironically, the Institute for Fiscal Studies that our policies to make work pay have helped to boost the number of lone parents in work and, consequently, to lift a significant number of children out of poverty. How can anyone seriously seek to undermine a policy that contributes to such improvements?

I do not and will not downplay the problems that administrative difficulties have caused many people with their overpayments. On behalf of the Government, the Prime Minister has tendered an apology which I am happy to repeat. I know that this has been a difficult time for some people. The Government are determined that the tax credit system will deliver what it is meant to achieve, because it plays such a significant role in our ambition to lift the children of this country out of poverty and to continue to allow our labour markets to work as they have, to the benefit of our economy.

My right hon. Friend the Paymaster General acknowledged the challenges faced by the tax credit system in her statement to the House on 26 May—before, I should add, the publication of the reports that prompted the Opposition to table their motion. On that occasion, my right hon. Friend focused on six measures to improve the operation of the tax credit system.

First, from April 2006 a much-improved awards notice will be issued, and we will review the information that we give claimants to help them to understand the system better. It is all very well for others to say that that will take time. Of course it will. We are dealing with millions of claimants and, potentially, millions of notices, and it is best to take the time and get the system right. Secondly, from this week we are running pilot schemes, contacting customers and encouraging them to report changes. That is relevant to what was said earlier about proactive engagement with claimants. Thirdly, we intend to improve the service from the helpline. We want to stop people from being passed from one department to another, and to ensure that they are given answers within a reasonable time. Fourthly, Her Majesty's Revenue and Customs will speed up its identification of IT system problems, which will mean quicker repairs. Fifthly, we will work more closely with the voluntary sector to give more active support to the most vulnerable claimants. Finally, we will spell out more clearly how we define hardship, and we are testing options for suspension of the recovery of disputed overpayments.

Stewart Hosie (Dundee, East) (SNP): In the case of one of my constituents, the payment award was correct but was withdrawn. Having contacted the helpline, my constituent was advised to contact the local Member of Parliament. I have heard of that practice anecdotally, and have been told of it by a constituent. Will the Chief Secretary confirm that that was the wrong advice, that the problem should have been resolved, and that the first point of resolution is not contacting the Member of Parliament?

Mr. Browne: I have no difficulty in agreeing that that was not the right advice. A helpline is there to help people, not to refer them to another source of help that, presumably, must then contact the helpline itself. I too am a constituency Member of Parliament.

The distinct advantage in respect of tax credit cases is that calls are recorded. That is a very helpful tool in determining the credibility and reliability of people's recollection of such calls, but it is also a helpful training tool, in that it allows us to identify those working on the helpline who perhaps need further support and training. If the hon. Member for Dundee, East (Stewart Hosie)—or any other Members who are tempted to intervene to describe examples of such behaviour—bring to my attention, or to the attention of my right hon. Friend the Paymaster General, the detailed circumstances behind such anecdotes, we can examine whether a particular helpline helper or official is giving proper advice. If they are not, we can then assist them. However, I have no

difficulty in agreeing with the hon. Gentleman that the advice that was given was not appropriate in the circumstance that he described.

Mr. George Osborne: I return to an issue about which I twice asked the Paymaster General at Treasury questions. According to the National Association of Citizens Advice Bureaux, some helpline staff and some tax credit staff have advised people to borrow money on credit cards to meet the overpayments. Does the Chief Secretary consider that good advice?

Mr. Browne: No, I do not, and such advice should not be given, but I say to the shadow Chancellor what I said to the hon. Member for Dundee, East—if he brings to my attention the detail of such calls—*[Interruption.]* With due respect to the shadow Chancellor, the fact that something is in the report means nothing; it does not mean that it happened or that it is anything more than an anecdote. If it did indeed happen, it should not have, but it would help if those who have information supporting such assertions were to make it available. We have the advantage that these calls are recorded, and that the official who dealt with a particular call can therefore be identified. As a result, we can look at the circumstances of the relevant part of the conversation, and determine the advice given and whether it was properly understood by the caller. I am not disputing that the report says what it says; I am simply pointing out that if we are given the details of a particular case, we can chase it up.

Mr. Dorrell: Will the right hon. Gentleman reflect on what he has just said? Surely he cannot be arguing that if the parliamentary ombudsman has examined a particular constituency case and quoted the evidence emerging from his inquiries, he, as a Minister, can ignore such evidence. That cannot be right.

Mr. Browne: I hear what the right hon. Gentleman is saying, and if that is what I said I accept entirely his admonition; I should reflect on it and I will do so. I should point out in my defence that in answering the shadow Chancellor's question, I did not understand him to be saying that this assertion emanated from the ombudsman's report. I do not recall it being in that report; that said, I do not pretend to recollect the report comprehensively. However, if the facts that instruct the right hon. Gentleman's admonition are correct, I accept it and I will deal with it.

Mr. Laws: Will the Chief Secretary give way one last time?

Mr. Browne: Yes, but it will be the last time.

Mr. Laws: I am grateful to the Chief Secretary. Before he winds up his opening speech, can he clarify whether the Treasury accepts the ombudsman's second, very important recommendation, which is that the Revenue should not seek to recover an overpayment until it has decided whether the excess amount should be recovered in accordance with the code of practice? Has a decision been reached on that point?

Mr. Browne: This issue formed part of the discussion between my right hon. Friend the Paymaster General and the authors of the report. I have no difficulty in agreeing with the hon. Gentleman that that proposal should be accepted, and it will be accepted.

All of the proposals put before the House in my right hon. Friend the Paymaster General's statement of 26 May are in hand. I will say, however, that the system has been through only one full cycle. By that, I mean one cycle in which people applied for the credits, were assessed and received them and had their accounts adjusted to reflect current circumstances—in other words, only one cycle in which the flexibility of the system has been fully applied. The essence of the policy means that, across the system as a whole, there will necessarily be an element of overpayment and underpayment. As it is a system of retrospective adjustment, it shows the value of a flexible system.

Let me reassure the House that two thirds of the total overpayment figure is due to rises in family income—rises that the House should welcome as further evidence of labour market improvements and employment opportunities today. Nearly £1 billion of the overpayment—around half—is due to increases in income of more than £10,000 a year. In many such cases, Her Majesty's Revenue and Customs were notified not during the year, but at the end of the year for the reconciliation process. Clearly, our next challenge is to ensure that claimants inform us during the year of any changes to their circumstances on that scale. So while this is not a perfect system and we do want to make it work better, it is neither broken nor in chaos, as some commentators and Opposition Members may have claimed.

Michael Jabez Foster (Hastings and Rye) (Lab): Is the Minister aware that people are frequently phoning the Department and being told to leave it until the end of the year? That is one of the problems. It is an administrative problem and I have considerable evidence of people being told not to supply their information, but to wait until the end of the year so that it can be sorted out then.

Mr. Browne: In some circumstances, that is appropriate advice, but only when the increase comes in underneath the £2,500 disregard; otherwise, it would not be appropriate advice. I say to my hon. Friend as I have said to other hon. Members that if he can bring the details of the individual calls to our attention, we will look into them and ensure that the training for the helpline takes such problems into account.

Mr. George Mudie (Leeds, East) (Lab): I wonder if I am alone in listening to this debate without knowing which of the ombudsman's 12 recommendations are not being accepted. The hon. Member for Yeovil (Mr. Laws) asked a specific question and the Minister said that he accepted that particular recommendation from the ombudsman, so will he tell us which of the recommendations are not being accepted?

Mr. Browne: We have already explained the position on complete write-off and, as I have already told the House, there is an ongoing discussion between the Paymaster General and the authors of the report. My right hon. Friend met Citizens Advice and the ombudsman separately on 5 July to discuss the recent reports. I have already referred to her statement of

[Mr. Browne]

26 May and said that the Revenue and Customs were taking matters forward. The Paymaster has agreed to provide a formal response to the ombudsman's recommendations and that will be issued in due course. I am not in a position to provide the House with that information today. However, the matter of complete write-off, which I understood the hon. Member for Yeovil to be raising, has already been explained.

Mr. Laws: I am grateful to the Chief Secretary for giving way again, because I do not want to conduct debate on the basis of an undertaking that proves not to be accurate. Will he confirm again whether the Government have now accepted the ombudsman's second recommendation on page 8 of the report?

Mr. Browne: If the hon. Gentleman will allow me, all the ombudsman's recommendations are currently under discussion. In due course—*[Interruption.]* I thought that I had already indicated to the shadow Chancellor that I was not presently minded to concede the issue.

Mr. Laws: Will the Chief Secretary give way?

Mr. Browne: I want to make some progress and take the opportunity to announce plans for providing child support through child tax credits for claimants on income support or jobseeker's allowance.

On 22 June, my right hon. Friend the Paymaster General told the House that, following her statement of 21 October 2004, she continued to keep under review the planned migration to child tax credit of those families still receiving support for children through income support and jobseeker's allowance. Since then, she has considered very carefully the reports from the ombudsman and NACAB. She has also considered the views expressed by many hon. Members, for which we are grateful.

I confirm that it remains the Government's firm intention to migrate all income-based support for children into a single, seamless stream of support, delivered through child tax credit. However, after consultation with my right hon. Friend the Secretary of State for Work and Pensions, my right hon. Friend the Paymaster General has decided that, subject to further review and consideration over coming months, the migration of the remaining families will begin during 2006. That will safeguard continuity of payment, and provide reassurance to that particular vulnerable group. Meanwhile, I again confirm that families will continue to receive the same level of financial support through their benefits as they would have received from child tax credit.

As I have already told the House, nearly 10,000 families in my constituency now benefit from tax credits. Let no one have any doubt: tax credits have brought real progress in delivering key priorities for welfare reform. They direct more help to those who need it most, they respond to significant changes in circumstances and income, and they give fairer results. We acknowledge that there have been administrative problems, but the policy is the right approach, which is aimed at tackling poverty and unemployment and helping out hard-working families.

Tax credits have made a real difference to people. That difference demands the respect of this House, and of Opposition Members.

4.56 pm

Mr. David Laws (Yeovil) (LD): This important debate has so far not been very enlightening or useful. I hope that the Government's policy on tax credits will be a little clearer at the end of the debate than has been the case over the last 10 minutes. This debate is vital in holding the Government to account in respect of a policy area where there have been serious problems, and also because the administrative problems in the tax credit system have hit people on the lowest incomes in the country—the very people whom the Government's policies are intended to help.

The hon. Member for Normanton (Ed Balls) has been a big contributor in this policy area and many others. Given the problems of the last couple of years, I can quite understand why he would prefer to concentrate on the big picture rather than on the smaller one. He is entitled to raise some of the matters that he has raised, and I shall touch on some of them at the end of my remarks.

The hon. Gentleman and the Chancellor introduced tax credits to help people on low incomes, so they must be worried about the problems that have been created. The book by Robert Peston—in which I believe the hon. Gentleman played a part—contains a passage from an interview with the Chancellor on tax credits. The thrust of the Chancellor's remarks is very similar to what the hon. Gentleman said earlier. The right hon. Gentleman said:

> "I think tax credits have been misunderstood. People have focused on the mechanism, a bureaucratic issue, when it is in the end about citizenship, integrating tax and benefits. In the long term, these will come to be accepted as part of the economic and social framework of the country."

The Chancellor and the hon. Gentleman may well be right, but meanwhile people suffering from the system's endemic problems of overpayment and underpayment turn up at advice centres in every hon. Member's constituency. If the hon. Gentleman intends to give that answer to those who come to see him, I assure him that he will receive pretty short shrift.

Ministers have been aware of the problems for many months, at least, and have made several statements in an attempt to resolve them, and I acknowledge that the Chief Secretary helpfully accepted a lot of interventions. However, he was depressingly unclear about which recommendations in the ombudsman's report have been accepted and which have not. When the Paymaster General winds up, I hope she will give a clear answer to that. In her 22 June statement, she gave the impression that she accepted the ombudsman's report in total. However, when we look at the detail we find that what she actually said was that she accepted the administrative changes proposed by the ombudsman. She did not say that she accepted all the recommendations, and it is of course the non-administrative changes that are the most significant. I thought we were making progress when the Chief Secretary indicated about 10 minutes ago that the Government accepted the ombudsman's second recommendation. I am happy to take an intervention from the right hon. Gentleman if he wants to clarify that

point. The recommendation is crucial and touches on whether the recovery mechanism for tax credit is lawful or whether it constitutes maladministration.

The Chief Secretary clearly indicated that the Government would accept the ombudsman's second recommendation not to claw back overpayments until an assessment had been made, under the code of practice, of whether they should be clawed back. Now, under pressure, and with notes flying in various directions, the Chief Secretary has gone back on the commitment he made 10 minutes ago. I think all he was saying was that the Paymaster General visited the ombudsman recently and has indicated that she will publish a response to the ombudsman's report. The ombudsman has told me that she hopes to receive that response shortly. When the Paymaster General winds up the debate, will she confirm that that is the situation and, following the questions from Labour Back Benchers, may we have a clear statement about which of the ombudsman's recommendations have been accepted? The Government do not seem to have clearly accepted recommendations 2, 6, 10 and 11, yet they are the most important ones, so I hope the Paymaster General will make the situation clear.

I want to focus on the administrative problems in the tax credit system first and then to make some more general comments in my conclusion. I began by expressing frustration that Ministers are taking so long to resolve the problem. There is frustration not just among Opposition Members, but among groups such as the citizens advice bureaux, which have a deep commitment to tackling child poverty and poverty in the working population. Before the debate, Citizens Advice published a briefing note, which is a good and powerful critique of the existing problems in the tax credit system. I am sorry that the Chief Secretary has not seen it. I shall certainly make sure that he does so after the debate. I shall read from the beginning of the document, which states:

"To date ... we have not seen clear evidence"—

from the Government—

"of an action plan that will deliver the changes we believe are needed".

Citizens Advice picks out three points, and if the Paymaster General can give us any enlightenment about those it would be most welcome. Citizens Advice states:

"There has been no commitment to place an absolute limit on the amount that can be recovered from families who have been overpaid."

We need clarification about that. Citizens Advice continues:

"The position regarding writing off overpayments remains confused"—

which has certainly been confirmed by the exchanges in our debate today—

"as the onus remains on individual families to challenge the decision to recover, leaving unknown numbers of people repaying overpaid tax credits which may have resulted from Revenue errors."

That was a problem that the ombudsman thought might mean that the recovery mechanisms were in breach of the law. She made it clear that at the very least she considered that it constituted maladministration, which alone is a serious enough assertion.

The final point about which Citizens Advice was unhappy was this:

"No commitment has been given to introduce a statutory right of appeal to an independent tribunal."

I think we heard confirmation in the exchanges between the Chief Secretary and the shadow Chancellor that the Government would not accept that particular recommendation, but given the uncertainty over the ombudsman's other recommendations, I shall not be surprised if the Paymaster General tells us that she has not actually reached a settled decision on any of the issues and that she intends to publish a letter responding to the ombudsman's report at some unknown stage over the next few weeks. However, if we could have some clarification I should be grateful—*[Interruption.]* As the hon. Member for Buckingham (John Bercow) indicates, I am always willing to give way at any moment on such points.

I said earlier that these issues are important to Members on both sides of the House and, in the debate in Westminster Hall on 7 June, we heard contributions not only from Opposition Members but from the hon. Members for Nottingham, North (Mr. Allen), for Stroud (Mr. Drew), for Selby (Mr. Grogan), for North Durham (Mr. Jones) and for South Derbyshire (Mr. Todd), all of whom were concerned about the impact on their constituents of the problems with the tax credit system. Several of them said that they wanted to see not only administrative changes but fundamental change to the tax credit system of the type that the shadow Chancellor mentioned at the end of his speech.

Mr. Clifton-Brown: The hon. Gentleman has done the House a service this afternoon by trying to seek clarification from the Government of whether they intend to claw back the overpayments, at least until the Government have decided in principle whether they will abide by the code of practice. The people involved are obviously of meagre financial means and we have all had difficult, harrowing constituency cases with people not knowing whether the overpayments will be clawed back by the Government. The Government owe those people a quick decision, and I hope that the Paymaster General will be able to give a clear and unequivocal statement on the matter when she winds up.

Mr. Laws: I agree with those comments: it is high time that the Minister responded clearly to the ombudsman's report. After all, the contents of that report were no great surprise to anybody who had been closely involved in the tax credit system over the past year. Assuming that the Paymaster General has been taking a close interest in that vital issue, I cannot believe that a single recommendation by the ombudsman will have come as a great surprise to her.

Several hon. Members have already put on record some of the problems with the tax credit system.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): My hon. Friend will know that I raised the issue of tax credits in a Westminster Hall debate on 6 April when many of exactly the same points were raised. Specifically, the point was made that Citizens Advice Scotland believes that the debt that people are getting into as a result of the overpayments is in direct contravention of the policy of the Scottish Executive—

[John Thurso]

so much so that Citizens Advice Scotland has had to issue a leaflet on the subject. Real hardship has been caused, and that is what we wish to address.

Mr. Laws: I entirely agree with my hon. Friend's comments. It is precisely because this issue is causing so much hardship among those people who most depend on the tax credit system that the Government should take it seriously.

It is worth recapping the problems with the tax credit system, because some Labour Members have sought to draw attention only to the aspects of the system that they think have worked, and are unaware of, or unwilling to acknowledge, the problems experienced. As the shadow Chancellor said, we are talking about almost 1.9 million overpayments and 700,000 underpayments, out of 5.7 million awards. That is an enormous problem rate, especially when it comes to clawing back overpayments and paying out on underpayments. The problem must be endemic to the system, if one third of awards are overpaid.

Some £1.9 billion of taxpayers' money has been overpaid, unintentionally. A further £800 million will automatically not be recovered as a consequence of the £2,500 disregard when incomes rise. The Chief Secretary said that he saw the disregard as the equivalent of the personal income tax allowance, but I profoundly disagree with that statement. The personal income tax allowance is the amount that the Government set so that people do not pay tax on the initial amount of their income. The £2,500 disregard is designed purely to reduce the extent of the problem of endemic overpayment in such systems, which was seen in Australia years before the UK system was introduced. Of course it would be possible to get rid of most of the overpayments by having a much bigger disregard, of £5,000, £7,500 or £10,000. The Government would be able to say that all the overpayment problems had disappeared, but all that would do is shift the problem from overpayments to the disregard.

Mr. Frank Field: The hon. Gentleman mentioned the Australian experience. The Australians not only had a disregard system, but realised that once they were in a hole it was best to stop digging, so they wrote off the overpayments up to 1,000 Australian dollars.

Mr. Laws: The right hon. Gentleman is exactly right and has for many years taken a very close interest in the development of tax credits. He draws attention to the problems in Australia that led to an ombudsman's report there two years ago in which the ombudsman criticised the Australian tax credits system, saying that the system inherently led to a large number of debts, that the debts arising from the scheme were affecting lower-income families, that the debts could be unavoidable and that they seemed to have an unfair retrospective effect. He was also concerned about the manner in which the debts were being recovered. We now find that all those issues are confronting us in the United Kingdom. The Government must have been aware of all those issues when they devised their policy, but they have failed to address all of them with the relatively minor changes to their own policy, such as the disregard.

We have talked about the complications of the system and people's bafflement at trying to understand their awards and entitlements. Thanks to the parliamentary questions that the Treasury has answered—which is unusual on the subject of tax credits—we now know that 65.5 million award notices have been sent out in just two and a quarter years, including 34 million award notices last year alone. All hon. Members will be familiar with the experience of constituents coming to advice centres to describe their problems and reaching into their bags to bring out sheaves of tax credit payment papers. On Saturday, I saw a constituent who had nine separate award notices that had been issued in seven weeks, all with entirely different amounts. That is part of the problem with the system, and it has helped to cause the confusion among individuals who must then anticipate whether or not their award is correct.

As the shadow Chancellor indicated, there has been a big rise in administrative costs. Four hundred staff have been allocated to handle complaints, and 3,200 staff are dealing with the dedicated helplines. There have been 21,600 compensation payments for bad service in the past year alone. The error rate in the system is 21.4 per cent. for the first year that we know of, as against a target of 10 per cent. and an error rate of 10 to 14 per cent. under the old system. Sir Nicholas Montagu, the then head of the Inland Revenue, told the Public Accounts Committee that he was confident that the error rate would be halved from that under the old system. What has happened instead is that it has doubled.

While the Paymaster General seeks to sort out the problems with overpayments, 271,000 people have requested write-offs of overpayments—217,000 in 2004–05—and there have been 54,000 appeals in the first two months of this year alone. It is no wonder the tax credit administrators are struggling given that they must now make 271,000 separate judgments without any proper, statutory system of independent appeal. Although the Government's line on this seems to change from day to day, we have also been told that, so far, only £37 million of the £1.9 billion in overpayments has been written off, but the Treasury cannot tell us how much of the total overpayment has been recovered.

Ed Balls: The hon. Gentleman refers to the difference between the old and new systems in comparing staff numbers, complaints and whatever, but he does not make the point that the take-up rate under the old family credit system was slightly below 60 per cent. and that the take-up rate under the new tax credit system is about 80 per cent. and has exceeded expectations. Does he not agree that, although it is right that we focus on these issues and sort them out, the fact that the take-up rate exceeds expectations shows that the system is working better than the old one and that it is worth sorting out those problems so that it can work better in the future? Unlike the shadow Chancellor, will he tell us whether he supports the continuation of the tax credit system as a way to reduce child poverty?

Mr. Deputy Speaker: Order. The hon. Gentleman must learn to hone his interventions.

Mr. Laws: I will take the first of those questions, Mr. Deputy Speaker. I am afraid that the hon. Gentleman, for whom I have a great deal of respect, still

seems to be in denial about the system. Perhaps he has got too close to it. The Liberal Democrats are not trying to suggest that the tax credit system has made no important contributions, both in providing work incentives and in reducing poverty, but this debate is about the hundreds of thousands of people in real poverty whose situation is being massively exacerbated by a systemic failure that the Government must address. I shall come later to how the systemic problem, as well as the short-term administrative problem, may be dealt with.

The situation has brought us to a state of affairs that affects even individuals who have been previously been cheerleaders for the tax credits system. I am thinking of an author who trumpeted tax credits in *The Independent on Sunday* this week and said that they had been a great success of the Government. However, even that individual, Mr. Prosser, says that the system is now a "bureaucratic mess" and that tax credits do not work well for families on low and middle incomes.

The Paymaster General (Dawn Primarolo): The hon. Gentleman is citing only part of the article. The author also had comments for those who wish to attack the system in principle using the problems with its administration. The article went on to say that the tax credits system was good. The hon. Gentleman should use the whole quote, or not use it at all.

Mr. Laws: I am happy to read out more of the article. I will also be happy to accept the Paymaster General's point if she will accept that the article describes the system as a "bureaucratic mess" and says:

"As a means of helping working families on low and middle incomes, tax credits are not working well."

Regardless of how good she thinks the overall system is, I assure her that it will not help her, or be appreciated by the hundreds of thousands of people throughout the country with problems, if the Government continue to talk about the generality of why the tax credits system is good, but do nothing to sort out the practical problems that people are facing.

Dawn Primarolo: I am happy to confirm again to the House, as I have done repeatedly, that I have never shied away from points made about the failures of the IT system in the early days and the administration. However, although I have continued to press people, including the hon. Gentleman, to separate the improvements to the administration and IT that deliver the system and the principles of the system, he still has not done that. Does he support the eradication of child poverty and accept that the child tax credit contributes significantly to that cause? Will he now separate policy from administration and concentrate on helping us to ensure that the administration works?

Mr. Laws: The right hon. Lady should be careful. She says that she has never understated the problems in the IT systems that affect tax credits, but she had better go back and read the ombudsman's report.

I want to find out how many of the important recommendations made by the ombudsman the Government will accept. Having heard the Chief Secretary's relatively general speech, I hope that the Paymaster General will go into detail about that when she winds up the debate, because that is what people what to hear.

May I start with a couple of less controversial points on which I hope the Paymaster General will be able to offer us some reassurance? Many organisations that are worried about the tax credits chaos have asked for a clearer award notice. They have suggested that the notice should contain clear information about the mechanism for appeals in the case of overpayment. I assume that she can confirm that she will be going ahead with a new award notice for 2006–07, so will she place a copy of the draft award notice in the Library? Will further amendments be made to the award notice in the light of the ombudsman's recommendations?

The Paymaster General will be aware that the eighth and 11th recommendations of the ombudsman indicated that there should be a statutory right of independent appeal in the case of overpayment and that people should understand their appeal rights. That is also suggested in the early-day motion tabled by the right hon. Member for Birkenhead (Mr. Field). Can we have a clear answer on whether the Government accept the case for a statutory right of independent appeal, or was the Chief Secretary accurate when he said that that had been ruled out?

Can we know whether the letter on overpayments that is sent to our constituents will give advice automatically on the additional tax credit payments that may be made to those people in hardship and on the possibility of interim awards for those in need? That important practical concern was raised by the ombudsman and I am not sure of the Government's response. On the first point in the submission by Citizens Advice, have the Government decided whether there will be a limit on the clawback of overpayments, which causes extreme poverty? What will be the rules and regulations on that?

The Chief Secretary's explanation for the Prime Minister's comments in the House of Commons and for the Chancellor's comments on GMTV was so implausible that I am not interested in detaining the House by taking the argument seriously. What must be placed on the record is that the Prime Minister and the Chancellor of the Exchequer have on a number of occasions left people with the clear impression that, where there was official error, the overpayments would be written off. They said that in plain and simple terms.

We now have the ludicrous letter from the Prime Minister, which I received yesterday, and the frankly ludicrous statement that the Chief Secretary was given to make. I do not blame him for that, but it is an implausible cover-up of the Government's position. It tries to persuade us that the Government had in mind all the time that, although there could be some write-off of awards, it would only be for those cases in which people could not possibly have worked it out for themselves. That is totally different from what the Prime Minister and the Chancellor said, and exactly the same position that the Inland Revenue has adopted for the past year. There has been no concession.

John Bercow: Does the hon. Gentleman agree that people should have the right to appeal, not only in respect of arguments over the facts of the case and responsibility for error, but in cases in which an excessively harsh timetable for repayment will exacerbate existing poverty?

Mr. Laws: I very much agree. There must be a right of appeal if a recovery causes extreme hardship. Although the Government could do much more to notify people of entitlement to additional tax credits that should prevent that, there should be a backstop that does not rely on the decisions of Inland Revenue officials.

John Thurso: Does my hon. Friend agree that reasonableness is at the heart of the problem? When my constituents bring a case to me, they do not think it reasonable that they should have been able to work out something on a form that they barely understand, whereas the Inland Revenue administrators think that it is unreasonable that everyone should not be able to work out what to put on their form. Should not the Government accept that it is reasonable to stop the clawback for people like my constituents, who find it difficult to understand the form?

Mr. Laws: My hon. Friend is right. Having seen probably 250 cases of tax credit overpayments in my constituency, I can vouch for the fact that a difficult judgment has to be made in a huge number of cases on whether the individual concerned could have reasonably known that an overpayment was being made. I would not want those decisions to rest solely with Inland Revenue staff with no rights of appeal.

The most important thing for the Government to deal with in responding to the ombudsman's report is the second point in the recommendations on page 8. The Chief Secretary told us that the Government were going to accept it, but appeared to make a U-turn on that shortly afterwards. The recommendation concerns whether the additional mechanism for recovering overpayments is lawful and, even if it is, whether it constitutes maladministration.

The QC who has advised the Child Poverty Action Group on this issue has made it clear that he considers the existing practice unlawful. He takes that view for a number of reasons, but particularly because no assessment is made before recovery is begun of whether recovery should go ahead under the code of practice. In other words, the Government recover first and ask questions later. The Paymaster General has written to me on this point to seek to clarify the Government's position. She maintains that the Government's existing position is lawful. That is not persuasive because the first argument that she advances is that the majority of overpayments are correctly repayable. On that basis, she seems to imply that all overpayments should be repayable.

The ombudsman, in one of the overlooked but perhaps most important paragraphs of her report, 5.17, states:

"Whatever the legal position, our view is that a fundamental unfairness arises where recovery . . . takes place to the detriment of a customer before COP 26"—

that is code of practice 26—

"has been considered. Effectively, the Revenue has fettered its own discretion by making an initial determination to commence recovery action, before it has considered the full facts of the case. That is maladministration."

That is a biting criticism of the way in which the tax credit system is working. The Paymaster General has been honest enough to admit in her letter to me that

"It is rational that we should operate a system that includes a presumption of recovery by means of reducing or stopping further payments while the investigation proceeds."

It is recovery first and investigation later.

The right hon. Lady attempted to tackle that point in earlier debates, including when the hon. Member for Nottingham, North (Mr. Allen) raised the issue in the debate in Westminster Hall. She was careful in the words that she used. She talked not of investigation first and then recovery, but of notification before recovery. Notification and investigation are very different words and they have different effects. The effect of the Government's existing policy is that someone who has an overpayment through no fault of their own and entirely through the incompetence of the Inland Revenue will have that money reclaimed by the Government. They will then have to try to stop the reclaim. It is clear as well from the Paymaster General that the Treasury's position is not that there will be an automatic stop but that recovery can be suspended while the dispute is resolved. That there can be negotiation puts an entirely different gloss on the Government's policy. It allows the Government to recover tax credit overpayments from people who received those overpayments through no fault of their own. That is a major issue and one that the Paymaster General needs to address today and in her response to the ombudsman's report.

There is also the issue, which was raised by the shadow Chancellor, of whether the existing system is working effectively. The Government owe it to us and to themselves to investigate, two years into a new system, whether the payment mechanisms are sensible, whether they are working effectively and whether the transfer from a system of fixed awards, which we had under the working families tax credit and family credit, should be replaced with the existing backward-looking awards that are constantly changing.

Anybody who has read, as I am sure that the hon. Members for Normanton and for Doncaster, North (Edward Miliband) have, the Joseph Rowntree Foundation report of 2003 about the tax credit systems in Australia and Canada—Australia has the British system, while Canada has a fixed system—will know that the evidence is not clear about which is the more favourable. The report states:

"There is no evidence of dissatisfaction with the non-responsiveness of the Canadian system."

It continues:

"Is a system with retrospective recollection of overpayments more or less responsive than one that pays from the start according to the previous year's income?"

The report states that the answer to that question is not "self-evident".

Edward Miliband: On a point of detail, the Australian system is not tolerant of changes in people's income, whereas the British system of tax credits allows for a £2,500 rise in income without any money being taken away from people.

Mr. Laws: The hon. Gentleman is digging a large hole for himself. While he is correct that there is a disregard in the UK system, it has not dealt with the problems at all, because one third of awards are still overpaid. In Australia, which does not have the disregard, 39 per cent. of awards are overpaid. Here, it is 33 per cent., so there is not much difference. The Australians have had to continue tampering with their system and changing it with, for example, year-end corrections to deal with those problems. I know that the Government are not going to change their position today, but I urge them at least to investigate the matter and respect the findings of the ombudsman, who said that experience to date

"raises the fundamental issue . . . as to whether a financial support system which includes a degree of inbuilt financial uncertainty can truly meet the needs"

of this particularly vulnerable group of families.

Ed Balls: This is the nub of the issue. The hon. Gentleman can make a series of proposals to make the system work better but, by definition, the tax credits system includes overpayment because of the adjustment mechanism. We must consider how we deal with that. It is legitimate for him to say that the limit should not be £2,500 but a higher figure. Perhaps I would agree with that from experience. But does he support the current system of tax credits, or would he scrap it and introduce a different system?

Mr. Laws: I do not know whether the hon. Gentleman is seeking deliberately to misrepresent my comments. I indicated very clearly that there is a genuine problem with the way in which the tax credits system works and with whether our system is less effective than a system of fixed awards. In Canada, a focus group—something that the Government should favour—has been working with child tax benefit recipients. When those people were asked whether they preferred a fixed or a flexible system, their response was a unanimous and loud negative to the system favoured by our Government.

Edward Miliband *rose—*

Mr. Laws: I must conclude my speech, I am afraid, or I will try the Deputy Speaker's patience.

The Government should learn from experience. If they are not ready to do so, the new chairman of Her Majesty's Revenue and Customs, David Varney, is, because on 5 July the *Financial Times* reported that he said:

"We haven't had enough experience of the system to make a sensible judgment in terms of annularity; we need to run a few cycles to see how it works . . . If there are real problems in discharging the policy then you'll have to debate what the right policy is."

Dawn Primarolo: David Varney did not say that to the *Financial Times*. The interview was recorded, and I am happy to give the hon. Gentleman and the hon. Member for Tatton (Mr. Osborne) a copy of what David Varney said to the *Financial Times* and what he said to the editor about the way in which his comments were reported.

Mr. Laws: We would all be delighted to see a transcript of the interview. That would be beneficial. I noticed that a correction has not been published in the *Financial Times*, a reputable newspaper which, I am sure would correct any mis-statements.

Dawn Primarolo: I will the hon. Gentleman a copy of the letter that was sent for publication as well.

Mr. Laws: We will all be enlightened when we see that letter and look forward to the apology from the *Financial Times*.

Finally, I am concerned about the confusion among Ministers about the Government's tax credits policy. They and the Treasury are in denial about the problems that they have created. Until they come out of denial, they will not fix the problems that are causing of great deal of concern, discontent and poverty among many people on low incomes across the United Kingdom.

5.34 pm

Mr. Frank Field (Birkenhead) (Lab): I shall make a short contribution and, as best I can, bring some of my constituents into the debate. The figures clearly show that large numbers of people in Birkenhead have been beneficiaries of the new tax credits system, but those who have come to the advice surgery, phoned and written to me all share one characteristic: they are all fairly poor. The question to which the Paymaster General suggested we should address ourselves today is not whether we all subscribe to the abolition of child poverty. Of course we do. The question that I pose, which the Opposition spokesman was not willing to answer, was whether we are spending £15 billion of taxpayers' money every year in the system in the most effective way to deal with child poverty.

Ed Balls *rose—*

Mr. Field: For goodness' sake. We know that my hon. Friend has a vested interest. I will develop an argument, then I will happily let him in. I have not said anything yet for him to intervene on.

The question is whether the £15 billion is best spent. The question that has already been raised, which we need to address in the debate, is whether the system as it works for the poorest is salvageable, or whether there is something about the fact of being poor that makes it difficult to fit those people into the system. Now that I have set out my first point, I am happy to give way.

Ed Balls: I am grateful to my right hon. Friend. On a point of clarification, he said in his opening remarks that we all shared the goal of reducing child poverty. We consistently asked the shadow Chancellor whether he shared our goal of halving child poverty at the end of the decade, and he refused to answer. I fully accept that my right hon. Friend shares that goal, but does he agree that the hon. Member for Tatton (Mr. Osborne) did not?

Mr. Field: It is easy to sign up to the abolition of child poverty. Even though he did not make a clear statement, I would expect the shadow Chancellor to say so. The crucial issue is how we go about tackling child poverty and whether an alternative Chancellor would be prepared to marshal the kind of resources that the present Chancellor has marshalled to tackle child

[Mr. Field]

poverty. I question whether we use those resources most effectively, but I do not for a moment doubt the Chancellor's passion to do something about child poverty. Signing up to abolishing it is easy. I wanted, but failed to gain, a commitment from the Opposition that they would commit similar sums to that objective, however they spent it.

Mr. George Osborne: I think that I made it clear that we are all committed to reducing child poverty. On the second point, at the general election, when we produced comprehensive spending plans, we proposed to spend exactly the same as the Government on tax credits. We are entitled to ask whether, in the light of the ombudsman's report, we should review the structure of the tax credits and how they are administered.

Mr. Field: I hope that, before the end of the Parliament, the hon. Gentleman might be more radical than that, but it is early in the Parliament and the Government must know that they face not only a debate tonight, but debates on the system throughout the Parliament. They may be able to command the support of their Back Benchers tonight. I hope that it will not be a different matter—it might be—four years down the track.

The question that we have to address in our conversation with the Government this evening is whether the problems that we have encountered on behalf of our constituents are—the term has already been used—glitches or something structural. I hate the word "glitches". It is somehow cold, efficient, removed. All of us see what a glitch does to many of our constituents living on modest incomes. It is not a glitch; it is almost life and death. I have had families in my constituency who thought that moving them into work would be a godsend. The figures showed that they would be better off, but they found most of the money snatched away, without any explanation or understanding why it was being removed from them. Worse than that, the system is such a treadmill that one cannot get off it: once one has claimed the credit, it has to run for the duration.

One of my constituents comes quickly to mind. There was a mistake over his wife's earnings. His wife then became ill, and he was reduced to an insignificant sum of money on which the whole family had to survive. He could not afford bus fares to get to work and had to walk three miles to and from work every day. But because it was alleged that he had been overpaid, he could not sign off from tax credits and sign on for means-tested jobseeker's allowance as the office claimed that he had the money that took him over the eligibility threshold for the jobseeker's allowance. There was no escape for my constituent until the end of the claim period.

We have to decide whether these are merely glitches that will be ironed out or whether for the very poorest there is something basically wrong with the system.

Dawn Primarolo: I agree with my right hon. Friend. When we are talking about people's lives, the word "glitches" is not appropriate. The central question that he is asking is whether the problem is structural or capable of being corrected, and what in particular needs to be done to answer that question. He is absolutely right. The House needs to concentrate on those points and will need to return to them time and again. I have no objection to that.

Mr. Deputy Speaker: Order. Front Benchers have taken a massive slice out of this debate. I am anxious to protect the interests of Back Benchers so as to allow them as much of the remaining time as possible.

Mr. Field: I do not want to provoke Front Benchers again, Mr. Deputy Speaker, but my heart sank slightly when the Paymaster General kindly said that we will keep returning to this issue. I hope that she will tell us tonight about the changes that some of us wish for and that the ombudsman's report calls for.

Let us be in no doubt about how important this benefit now is to our poorest constituents. More than a quarter of all claims are made by those on under £13,000 a year, who comprise a third of the difficult cases. The problems—the miscalculations, overpayments, underpayments and automatic clawings back—disproportionately affect the poorest. We have to ask whether it is possible to run a system that operates over a time scale of 52 weeks while matching the needs of our poorest constituents, whose financial needs often change very quickly.

Decades ago, this House debated a tax credits system proposed in a Green Paper by the Heath Government. Those of us in the poverty lobby thought it unworkable, because we had seen from America that one cannot marry a benefit system that operates on a weekly basis and a tax system that is cumulative over 52 weeks of the year. The huge innovation in that proposed tax credits system was to abolish the cumulative nature of individual taxation so that, far from operating over 52 weeks, it would operate on a weekly basis, with last week's income relating to this week's tax credit. The question is whether, unless we are prepared to be that radical in changing the nature of the tax system, we can ever have a system that delivers for our poorest constituents, who can most benefit from the wish that the Chancellor clearly has to abolish child poverty as we know it in our society.

In moving towards that goal, there are three reforms in the ombudsman's report that I most want to hear the Government say that they have embraced. In the previous Parliament, I tabled an amendment to the Finance Bill that would have placed a duty on the Government to issue wage slips to everybody who draws tax credit so that they could understand how it had been computed. For one reason or another, the amendment was not called. If we are to empower our constituents, it is crucial that they know how their tax credit has been worked out so that they can quickly ring up when they think it is wrong.

Secondly, the Government must concede that they should not claw back until our constituents have had the right to dispute whether the clawback is correct. I was worried by the Chief Secretary because, in a moment's hesitation at the Dispatch Box, he muddled that with writing off the wrong payments. The Chief Secretary to the Treasury is one of the Government's heavy hitters. I would normally say that, if we were in difficulties, we would send him out to bat for us. However, as he reflects on the debate, which also reflects the Government's position, he will perhaps realise that he has not

previously had a more difficult time on the Floor of the House, trying to defend the tax credit system, than he had today. I appreciate that he does not want to be in that position again. My guess is, therefore, that he will take more than a personal interest in the reforms that the Government propose.

The third reform that we greatly hope that the Paymaster General will outline is an independent system of appeal for occasions when both sides cannot agree on the facts or about whether the rate of clawback is fair.

I refer hon. Members to the last third of the last paragraph of the ombudsman's report. It makes chilling reading for anyone who understands the official code. The ombudsman, in reflecting on what has happened to the poor in the system, asks the fundamental question whether it can work adequately on their behalf. She goes on to say that she, as a mere official, cannot possibly comment or provide a conclusion on whether the system is salvageable, but she continues by saying that it raises the most profound policy issues. That means that her doubts are grave indeed.

I do not doubt that many people in my constituency rejoice that we have tax credits and that the system has worked well for them. However, the sad fact is that it has worked best for those who are richest, not those who are poorest. That is not the Chancellor's aim—I have never doubted his seriousness about tackling child poverty. The Paymaster General should outline tonight the immediate reforms that she can or will propose on the Government's behalf to prevent the lives of our poorest constituents from being smashed as forces beyond their control damage their ability to balance their weekly budgets. We need to know what reforms we may have to lessen that effect.

At some stage, however, we must consider whether the tax credit system, as it is currently formulated, can ever deliver to those who are in the greatest poverty in our society.

5.48 pm

Andrew Selous (South-West Bedfordshire) (Con): Like every other hon. Member, I have experience of many constituents complaining to me about the problems of administration of the tax credit system. I, too, have a constituent in a similar position to that of the hon. Member for Yeovil (Mr. Laws), who has received eight awards in the past nine or so weeks.

I shall be listening carefully to the Paymaster General to hear whether the Government will follow all the parliamentary ombudsman's recommendations. Her response will be the most important part of the debate.

I want to look at tax credits from a slightly different point of view from those of other Members who have spoken this afternoon. I salute the Government's objective of trying to use tax credits to reduce poverty. I use the term "poverty" in general because I am not sure whether the focus on child poverty—to which tax credits are integral, so far as the Government are concerned—is necessarily healthy. In many other European countries, the focus is on family poverty, and such a focus might have something to teach us in relation to the administration of tax credits.

The figures that the Department for Work and Pensions released on 30 March from its study of households on below-average incomes show that child poverty fell in 2003–04 by only 100,000. I say "only" because that was the year in which £2.5 billion was spent on tax credits, and all the analysts expected a much more significant fall in that year. Indeed, the figures show that, after housing costs were taken into account, child poverty remained static.

The figures also show that there was no reduction in the number of poor children living in two-parent or couple families in 2003–04. That is significant because 57 per cent. of children living in poverty live in two-parent families. There are serious and worrying anomalies relating to children living in two-parent or couple families. They make up the biggest cohort of children living in poverty. It is the task of the Government and the Opposition—indeed, of all of us in the House—who are thinking seriously about how to reduce child poverty to ensure that, whatever system we come up with, these perverse unintended consequences are rectified. They are having damaging consequences for our country.

I shall illustrate that point with some specific examples. In 2003–04, a couple family with two children would have needed an income of £262 a week to get out of poverty, whereas for a lone parent with two children that figure would be only £182. Those are after-housing-costs and after-tax figures. To get the income necessary to get out of poverty, a single-earner couple in social housing paying rent of £53 a week would need to earn £336 a week, as opposed to only £86 a week after the implementation of the tax credit system. That is nearly four times as much, and it represents a very wide disparity.

The former senior Inland Revenue officers, Don Draper and Leonard Beighton, have released figures today showing that, for the tax year 2005–06, a couple with two children in social housing on half average earnings paying a weekly rent of £53 would be left £22 below the poverty line, whereas a lone parent family with two children in those circumstances would be left £66 above it. I am delighted that that lone parent family will be £66 above the poverty line, and no part of my proposals would involve taking money from lone parents in any way. I want to make that very clear to the House. Surely, however, that situation must be of concern. Most children who live in poverty—57 per cent. of them—live in couple families, and according to the example that I have just given, they would be £22 below the poverty line. That is before any child support, which is disregarded for tax credit purposes. My concern is that the Government will not achieve their target of halving child poverty by 2010 because of some unintended, but very significant, flaws in the administration of the tax credit system.

Rob Marris: I seem to remember having the great pleasure during the last Parliament of serving with the hon. Gentleman on the Work and Pensions Committee. The Committee produced a report on child poverty on the information then available, and, as I recall, the whole Committee expected the Government to reach their 2010 target. Is the hon. Gentleman now saying that he does not think that that was right, or have I misremembered his signing up to that report?

Andrew Selous: No, the figures that I have just quoted are from the study of households on below-average

[Andrew Selous]

incomes by the Department for Work and Pensions, which was only released on 30 March this year, after the hon. Gentleman and I had finished our pleasant period of serving on the Select Committee. So these figures were published after our discussions at that time.

The tax credit system desperately needs to be refocused, so as to do more for poor couples in work. I shall give another example. A couple with one earner on an average income of £462 a week and a below-average mortgage, and with children aged two and four, would be left with £223 after tax and housing costs. However, were the couple to split up, they would be left with £369, which is £146 more. If they were living in private rented accommodation, the figures would be accentuated even more.

Mr. Eric Martlew (Carlisle) (Lab): I have been listening closely to the hon. Gentleman, and heard him say that he did not want to take any money away from single parents. Will he explain how the extra money would be given to couples to make up the difference?

Andrew Selous: Yes, with pleasure. We have to take into account the system that we have now, but in future, we should rectify the imbalance. That would probably mean adjusting the system, and I would be more interested in the family with children that is £22 below the poverty line than the family with children that is £66 above it, as I am sure the hon. Gentleman would be if such people were his constituents. We need to tweak the system in the future—we do not propose taking money away from anyone now—to create a genuinely level playing field. We would then not discriminate against children because of their family situation. That is the consequence of the present system, and there has not been nearly enough acknowledgment of that fact.

I am sure that the hon. Gentleman salutes the Child Poverty Action Group for its work in this area over many years. In its recent document, "Ten Steps to a Society Free of Child Poverty", it says:

> "The focus on benefits for children has been welcomé, but children's benefits do not act in isolation. It is family income which must be considered."

That is the point that I am making. There has not been sufficient recognition of the problems in that area.

There is evidence that the tax credit system is having some perverse unintended consequences for our constituents. John Haskey, formerly of the Office for National Statistics and now a visiting research fellow at Oxford university, estimates that some 2 million men and 2 million women aged between 16 and 59 have a partner living elsewhere, and that there are 1.2 million couples who are living apart together—LATs, as they are known in the new sociological jargon. A quarter of all lone mothers with children have a partner who lives elsewhere. It is those couples who are likely to be discouraged from living together by the operation of the tax credit system, and who could blame them? If they choose to marry or cohabit, they will lose most of their tax credits, which would make many of them worse off, even after the reduced housing costs that would result.

If we are serious about tackling child poverty, particularly among the majority cohort whose parents are in work and living together, we must address these serious issues. I hope that the figures released on 30 March by the Department for Work and Pensions will sound a warning note to the Government, and that they will take them into account when they consider the future design of the tax credit system. We might then have a tax credit system that does not discriminate against any particular family form. That would go a long way towards encouraging family stability, which all of us in the House want to see fostered.

5.59 pm

Mr. Stephen Dorrell (Charnwood) (Con): I am delighted to follow my hon. Friend the Member for South-West Bedfordshire (Andrew Selous), who made some important points about the distributional effect of the current structure of benefits operated within the tax credit system. The points that I want to make, however, follow more naturally from those made by the right hon. Member for Birkenhead (Mr. Field).

I have a slightly odd personal history on the issue of tax credits. When I was appointed as a fresh-faced Financial Secretary to the Treasury in the 1990s, I was interested in the question of whether some of the principles of tax credits first espoused in the Green Paper published by the Heath Government, to which the right hon. Member for Birkenhead referred, could be excavated. It may be of some interest to the House to know why, as a Treasury Minister who was relatively benignly inclined towards the principle of tax credits, I was dissuaded from that and persuaded that the costs of that system, in terms of excessive bureaucracy and the risks of genuine injustice to poor people, outweighed any potential benefits. Those costs are now manifest in our constituents' lives, and they should give us pause for thought now along the lines suggested by the right hon. Gentleman.

The right hon. Gentleman is surely right: there is no disagreement about the core objectives of policy in this field. Despite what the hon. Members for Doncaster, North (Edward Miliband) and for Normanton (Ed Balls) might want to be the case, of course Members in all parts of the House want to see poverty eliminated and the system of benefits that we use to do that reconciled as far as is possible with the preservation of incentives for people in work. Those were the two principles that the Chancellor espoused as the primary policy drivers for the introduction of his tax credit system. Indeed, the Chancellor and his acolytes sometimes like to talk as though they were the first people in history ever to be interested in the elimination of poverty and the reconciliation of a benefits system with work incentives.

David Taylor (North-West Leicestershire) (Lab/Co-op) *rose*—

Edward Miliband *rose*—

Mr. Dorrell: As the right hon. Member for Birkenhead reminded us, we have been discussing this issue for 40 years. He referred to tax credits, but he might also have referred to a book that Daniel Moynihan wrote at around the same time on the introduction of a negative income tax. These are not new ideas. What is new is that the Chancellor concluded

that all the difficulties identified by the right hon. Member for Birkenhead and anyone else who had taken a serious interest in the issue throughout the period could at best be wished away and at worst overridden by mere expression of political will. The Chancellor and his acolytes made the mistake of fundamentally underestimating the complexity and difficulties inherent in the policy that they were determined to espouse.

David Taylor: The right hon. Gentleman said almost in passing that of course we all want to get rid of poverty. However, poverty is, by definition, a relative, statistical concept. Will he confirm to the House that in fact he was a Minister in a Government who positively moved away from trying to have a more equitable distribution of income and wealth, and who positively espoused the trickle-down theory that tackled neither of those problems?

Mr. Dorrell: What I will confirm to the House is that I was a supporter and member of a Government who saw huge improvements in living standards across the community and in the working of the labour market. The hon. Gentleman might prefer to see his Government reverse that but as he knows, his right hon. Friends refuse to do so because they know that the labour market changes that we introduced have delivered improving living standards across the piece. He is right that poverty as measured is a relative concept, which is why it is a more accurate definition of policy objectives, in my view, to espouse the raising of living standards across the piece, providing to every section of the community better access to opportunity to improve their living standards. The problem with the tax credit system that we are debating today is that it has not reconciled the dangers associated with excessive complexity and bureaucracy with the delivery of other public policy objectives.

Why was I persuaded, as a fresh-faced Financial Secretary, that the system was not worth the candle? First, as has been pointed out several times previously, it is simply a fallacy to consider the benefit system and the tax system and to say that they are both to some extent means-related and that they can therefore be merged into the same system. That is the approach that the Chancellor has taken—to imagine that because the Inland Revenue in its old incarnation made an assessment of means, and because the Department for Work and Pensions made an assessment of means, we could somehow merge the two systems into a single tax and benefit system. As the right hon. Member for Birkenhead said, that view overlooks the obvious but fundamental point that the tax system is based on an annual assessment of means, whereas the benefit system, if it is to provide secure income to the benefit recipient, must be based on a much more short-term assessment of the needs of the individual.

As for all the arguments that we have heard elucidated today about the difficulties—and moreover the injustices—associated with reclaiming overpayment of tax credits, those difficulties arise because the system now seeks to reconcile retrospectively a means-tested benefit system back into the previous tax year. That mismatch between the two systems ultimately led earlier policymakers to conclude that we should not go down that route, and still leads me to believe that the Government might ultimately have to conclude that their system must be fundamentally rewritten. I say that as someone who does not think that we should change the rules of such systems every six months, which in itself leads to further complexity and injustice.

If Ministers really believe that one more heave will deliver a sufficient improvement in the operation of the system to address all its difficulties, they are entitled to a hearing. But as one who considered it in the past, and who has seen too many of the predictions that were then used to dissuade me from that course come true, I allow myself a certain scepticism as to whether one more heave will in truth be enough to eliminate all those difficulties.

There is one other aspect, on which we have not touched today, that has made the system even more complex than it probably otherwise needed to be: the Chancellor's view—with which, again, I have some sympathy—that some of the combined effect of the tax system and benefit withdrawal led to sharp work disincentives as people saw their benefits being withdrawn. The background papers at the time that the tax credit system was introduced referred to the withdrawal ratio for family credit of 70 per cent.—for every £10 of extra earnings that the family secured, £7 was lost in family credit withdrawn—and the Chancellor sought to reduce that rate of tax and benefit withdrawal. There is a tension there, too, however, as whenever one tries to reduce the rate of taper, one extends further up the income scale and includes more families in precisely the problem that one seeks to control. Not only has the system been made much more complex by the merging of the tax and benefit systems, but the reach of the system has been extended further up the income scale, so that more families are affected than were affected by the previous benefit structure. If we stand back, we see that the system is inherently complex, regardless of the set of rules that we operate. We have voluntarily made it more complex by mixing an annual cycle with a much more short-term means-assessment cycle, and we have increased the number of people affected by extending it further up the income scale.

Let us step back from the big picture. We then see that the complexities created by that system have caused real injustice, and real concern and worry, to individual citizens on low incomes, who now fill our surgeries. At this point, I ask myself whether the price paid by those people for the system that the Chancellor has willed on us is a price worth paying.

I do not believe that the problems we see in our surgeries result from inadequate computer programming or inadequate training of clerical staff. To believe that would be to make scapegoats of people who have been given an impossible task. The real issue is that policy makers at the highest level have been presented with choices and have made the wrong call. The people paying the price for that wrong call are the people in our surgeries who are worried sick, literally in some cases, by their inability to understand how to dig themselves out of the hole into which those policy makers have put them.

6.12 pm

Edward Miliband (Doncaster, North) (Lab): It is a pleasure to follow the right hon. Member for Charnwood (Mr. Dorrell). He is of course a distinguished Member of Parliament. He was also a distinguished Treasury Minister, and was, I believe, one

[Edward Miliband]

of the Ministers in the last Government who did care about poverty issues. I therefore think that we should take what he says seriously. It is also a pleasure to speak in the same debate as my right hon. Friend the Member for Birkenhead (Mr. Field), who, as we all know, has a very distinguished record on tackling poverty both in the House and outside.

It would have been good if the start of the debate had featured a recognition by both sides of the context in which we are discussing tax credit administration: a context in which, under the Government of whom the right hon. Member for Charnwood was a part, child poverty increased from about 1 million to 4 million. I know that the right hon. Gentleman cared about child poverty, but it increased none the less, by 3 million. Many people were in dire need, but nothing was done. Since 1997 child poverty has fallen, by about 1 million. That is not a bad record: child poverty has fallen, after trebling under the last Government.

Of course it is right to acknowledge that there are problems in the system, and my right hon. Friend the Paymaster General has acknowledged that. I think that we need to ask five questions. Does the system tackle poverty? Does it encourage people to work? Is it properly taken up? Is it well targeted? Does it take the stigma away from claimants? I believe that those questions are relevant to a discussion of poverty and the means of tackling it.

I have already drawn attention to the impact of working families tax credit and its successors on the tackling of poverty. I am now speaking for the people who have had bad experiences with the tax credit system, but also for the people receiving tax credits—8,000 in my constituency—many of whom told me during the general election campaign that tax credits had had a huge and positive effect on their lives. If other Members are honest, they will say that their constituencies also contain such people. It would obviously be wrong to deny that there are people who face problems, but it would be equally wrong to deny that the lives of many others have been transformed by tax credits. Members need not take my word for it; they need only read the ombudsman's report. She said that the undertaking had been "broadly successful", and—this is on page 56—

"for the majority of the Revenue's six million or so tax credits customers, the system appears to have worked well."

Andrew Selous: May I tempt the hon. Gentleman to add a sixth question to the five that he quite properly raised earlier? It is the question that I posed in my speech. Is it right to operate a system that constitutes a huge financial disincentive for people who want to live together? They are penalised significantly if they do so, week by week.

Edward Miliband: I do not believe that people marry, stay together or do not stay together on the basis of how the system works, but the hon. Gentleman made a well-informed speech, to which I am sure the Paymaster General and others paid attention. I agree with my hon. Friend the Member for North-West Leicestershire (David Taylor): if the hon. Gentleman wants to give those with partners a greater incentive, he must find the money from somewhere.

Let me return to my five questions. I think that the system has worked well in tackling poverty. Obviously there have been significant problems, to which the hon. Member for Tatton (Mr. Osborne) drew attention. My second question was "Does the system encourage people to work?" I think that it has done that, and indeed the figures are there for all to see. We have seen 2 million jobs created, and we have seen the rate of single-parent employment rise.

I know that the hon. Member for Yeovil (Mr. Laws) favours a fixed system of tax credit awards, but that creates its own injustices. I do not think that the argument about a fixed versus a responsive system is particularly ideological. However, under an annual system basing awards on the previous year's income, those whose incomes had fallen for whatever reason would not be told "We will give you and your family more money." They would be told "We are sorry, but there is nothing we can do. You are stuck with the award based on last year's income." As the Paymaster General has said a number of times in the House, we can have a responsive system—a system that responds to changes in people's circumstances—or a fixed system.

Mr. Laws: Is it so obvious to the hon. Gentleman—and if so, why—that the system chosen by the Government is superior to a fixed system? Would it not make sense for the Government to review the evidence of the last two years to establish whether a fixed system could be better?

Edward Miliband: Time will tell, but I am still convinced that a responsive system is better, and I shall explain why shortly.

My third question concerned take-up. I am surprised that so few Members mentioned it. Take-up of family credit in the first year was 57 per cent.; take-up in the first year of this system was 80 per cent., which is pretty good going for a means-tested, income-related benefit. My right hon. Friend the Member for Birkenhead would know better than I, but I should have thought that it was unprecedented. Six million families and 10 million children have been helped.

One reason for that is the fact that the system is non-stigmatising: it is part of the overall tax system. There is a significant prize to be gained from not having a system aimed at the poor, providing an income top-up for the bottom third of the population or even fewer people. Under such a system, even those who are working must go to the social security office if they are to have a living income.

My fourth question was, "Is the system well targeted?" Members have mentioned how high up the income scale the tax credit system goes. In fact, 40 per cent. of the benefit goes to the bottom 20 per cent. of families, so it is a reasonably well-targeted system. The shadow Chancellor referred to people on £66,000 a year, but the people at the very top do not get very much money out of the system—if they bother to apply. They get the equivalent of the old children's tax credit, which is a maximum of £10 a week. The system is about lower and middle-income families. It is true that it is not for the small minority—I am rather in favour of the fact that these credits go to a larger proportion of the population—but no one can deny that this is a well-targeted system.

My fifth question was, is the system de-stigmatising? For many years, we have had all kinds of social security benefits, but huge stigma has attached to them. We sometimes witness the same problem with the pension credit, which is in fact a social security benefit. Some elderly people say, "I'm not sure about claiming it because I do not want to have to claim benefits." People do not say the same about tax credits, so in that regard we have made a huge advance. In fact, in some ways it is a revolution. We have removed the division between the deserving and the undeserving poor: we have changed a system that required "deserving" taxpayers to pay for "undeserving" benefit recipients. In fact, doing so was the motivation behind the scrutiny of the system that took place in the 1970s.

I am surprised that this achievement has not been more greatly acknowledged during this debate. I do not want to live in a country in which people feel guilty about claiming a top-up for working. We could have introduced the minimum wage at the level to which tax credits raise people's income, but as Conservative Members would doubtless have pointed out, doing so would destroy jobs. Indeed, I find myself in a slightly ironic position. I nipped out earlier to have the pleasure of being involved in my first statutory instrument debate, which was on the national minimum wage. What did I hear in the Committee Room Upstairs? I heard great plaudits for the national minimum wage and for tax credits; indeed, there was a progressive consensus throughout the Committee on the role of both. However, I returned to this Chamber to hear diatribes from the Opposition against tax credits.

The tax credit system answers my five questions and works well. There are significant administrative and other problems, and we should of course apologise—as the Paymaster General has—for the hurt and distress that has been caused. But one thing struck me on listening to the shadow Chancellor's contribution. We heard from him a 26-minute diatribe against the tax credit system, and about all manner of cases, for which we have sympathy. At the end, we heard the clarion call not to abolish tax credits, but for a far-reaching review. I, too, am in favour of reviewing the system's working, but there is a very good reason why the shadow Chancellor did not commit to abolishing tax credits at the next election, which he could easily have done, given his diatribe against them. He knows that, fundamentally, the system is popular with the majority of recipients—the majority of recipients in my constituency, for example. That is why he has not committed to abolishing it.

The Government have a responsibility to sort out the problems in the system, but we should all acknowledge the advances that have been made under it. Let us have a rational debate about the way in which it works, but let us please do so in the proper context. This Government have made work pay and tackled poverty—something that was never achieved in 18 years of the previous Conservative Government.

6.24 pm

Mr. Peter Bone (Wellingborough) (Con): I thank you, Mr. Deputy Speaker, for calling me to speak on an issue with which every Member of this House is doubtless only too familiar. I went to the House of Commons Library to research the tax credits system, and the librarian was most helpful. She tapped into her computer the phrase "tax credits", and the printer started to produce page after page. Suddenly, she screamed, "But it's all gobbledegook!" I have those 25 pages of complete gobbledegook in my hand. Perhaps the explanation is that there was a glitch in the Library's computer system. However, as a new Member I have been told that everything produced by the House of Commons Library is always accurate, so I suspect that the librarian's initial view—that the tax credit system is "all gobbledegook"—might be right. There is one thing, however, of which I am absolutely certain: many of my constituents believe the tax credit system to be complete gobbledegook.

The tax credit system is so confusing and complicated that no one seems to know what they are entitled to. The 2000 Budget stated that an integrated child tax credit would

"improve the transparency and administration of income-related payments through the tax and benefit system."

Has transparency and administration improved? It seems to me that the current system, which largely revolves around the highly fluid concept of what is "reasonable", has achieved the exact opposite. Let us consider the forms that claimants must fill in to apply for tax credits. As a chartered accountant, I am not ashamed to say that I find them confusing. I am professionally trained—how on earth is the average person, who relies on the extra income that tax credits generate, meant to understand them? Tax credits are meant to help the most vulnerable in our society. They are meant to encourage people to come off welfare and to go back to work. They are meant to make life just that bit more comfortable for those on low or moderate incomes, yet these are the very people whom the system is penalising by being inefficient, bewildering and incompetent.

I am very grateful to be able to speak about an issue that affects so many of my constituents in Wellingborough and Rushden. I am sure that I am not alone in finding that a good majority of the constituency postbag consists of letters from constituents who need help with, and clarification of, their tax credit payments. Indeed, half those who ask for help at my weekly surgeries ask about this very issue. I was interested to read the Paymaster General's statistics. According to them, between April and December 2004 the Tax Credit Office, Treasury Ministers and members of the Board of Inland Revenue received almost 6,000 letters from MPs who were trying to sort out the many problems that their constituents were experiencing—

Mr. Ian Austin: The hon. Gentleman positions himself as being on the side of the low paid in his constituency, but I recall that he once boasted of paying his employees £1 an hour. Does he think that that was the right thing to do, and does he think that tax credits are designed to help those who are left on such low wages?

Mr. Bone: I will treat that point with the contempt it deserves; no such boast was ever made.

Constituents have problems with tax credit payments, with overpayments, with lack of payments and with no payments at all. In the tax year from April 2003 to March 2004, the Tax Credit Office hotline for MPs took more than 19,000 calls. That is 19,000 calls from MPs

[Mr. Bone]

alone, who have had to get involved because their constituents have hit a brick wall and cannot get any further by themselves. Thanks to the system's incompetence, this problem is widespread and affects vulnerable families right across the country, so it is no surprise to learn that the two latest reports on tax credits were less than complimentary about this fundamentally flawed system.

Given the tax credit system's very nature, it will always fail the most vulnerable in our society. Because it has so many different elements, it can only confuse and confound those who claim tax credits. Claimants have to estimate their income for the following year, which in itself gives rise to massive complications. But the real problems come when a claimant's circumstances change. Claimants are asked to notify the Tax Credit Office of certain changes within three months, though for other changes notification can wait until the end of the financial year. However, like many elements of this baffling system, precisely what changes need to be declared and when is just not clear.

Many of my constituents who contact me for help have told me that, to be on the safe side, they inform the Tax Credit Office of all changes. One would think that that was very sensible of them, but it is here that the problem starts for thousands of families who are being penalised by the system. Much of my tax credit case work is taken up by constituents who have had their tax credits stopped completely due to overpayments in previous months. In some cases, the Tax Credit Office states that the overpayments will not be recovered as it was an error by that office in the first place. Why, then, did it stop the tax credits completely and why are those credits continuing to be stopped? In almost all the cases that I have dealt with, the claimant informed the Tax Credit Office of changes to their circumstances. In many cases, that office failed to update its records either through computer error or inefficiency, yet it is my constituents, along with many others, that suffer. In fact, according to the latest reports, nearly 2 million families have suffered.

How is a family meant to plan for the future—financially or otherwise—if they never know exactly what is going into the bank account each month? The rules and regulations of tax credits state that people do not need to pay back an overpayment if they reasonably believed that it was a correct statement of what they should have received. However, what is "reasonable"? It is another open-ended, fluid and confusing term, which means all things to all men and penalises the very people that the system is supposed to help. Families often do not know their financial situation from one day to the next and while the correct procedures are not being followed to update the tax credits computer system when changes occur, those families will continue to live in financial limbo.

As for the cost of bureaucracy and waste, the Government, as usual, do not disappoint. The sheer volume of forms, the fact that payments are made through PAYE rather than directly to the claimant and the vulnerability of the system to massive fraud are all costing the taxpayer dearly—about £400 million a year and with nearly 7,500 people working the system.

I would like to finish by giving just one example of how the tax credit system has failed those who need it most. A constituent came to me in desperate need of help—her case comes to the crux of why the system is failing. She was about to be evicted from her council house for being severely behind in her rent and for being unable to keep up her payments on her council tax. It all started when she had to leave work due to illness. She was incorrectly paid working tax credit instead of incapacity benefit. Of course, it turned out that she was being overpaid tax credits and the Revenue asked her to pay the money back. Not only was she not in a financial position to do so, but she was also penalised by the council for receiving tax credits, which counted against her housing and council tax benefit.

After several attempts to contact the Tax Credit Office to advise it that her tax credits must cease, she was still receiving the tax credit payments 14 weeks later. Because she was receiving no other benefits due to the overpayment, that is all that she and her children had to live on. When she rang that office again, she was told that her case was stuck in processing and that she would just have to wait her turn. Unfortunately, hers is not a unique case, but it is wholly unacceptable. The current tax credit system is, by its very nature, inefficient and fundamentally flawed and it penalises the most vulnerable of our society. Two million families have suffered under that system, which relies on staff regularly updating claimants' information and a computer system that properly processes the correct data. At the moment, we have neither. How long will it be before the Government realise that micro-management and bureaucracy do nothing but penalise the most vulnerable people in our society?

6.34 pm

Mr. Richard Spring (West Suffolk) (Con): Looking back on the debate, one realises that this really is a case of the road to hell being paved with good intentions. Back in 1998, when Martin Taylor submitted his report "Work Incentives" after observing the taxation and benefit system, he said:

"there is no reason why both systems should not contribute to the same objectives, providing the means to improve work incentives and relieve poverty."

The difficulty in reality is that IT systems are never easy. The truth is that the Government's record on them does not inspire confidence. The Child Support Agency's computer system, which cost nearly £500 million, failed, leading to the resignation of the chief executive. Staff at the Department for Work and Pensions were unable to process new benefits and pension claims for several days because the system went down. The computer systems of the Passport Service, the Criminal Records Bureau and National Air Traffic Services have also had problems. And so we go on.

In November, the National Audit Office, commenting critically on IT problems, cited inter alia a lack of clear senior management and ministerial ownership and leadership. That has certainly been the case in this instance. The Paymaster General told the House on 7 February:

"The IT support for New Tax Credits is a major new system. The system has been stable and performing very well in terms of availability and speed for well over a year."—[*Official Report*, 7 February 2005; Vol. 430, c. 1245W.]

That is in contrast to what Steve Lamey, the chief information officer at Her Majesty's Revenue and Customs, said:

"If I were an information technology historian, I would simply love it."

With the introduction of this hugely complex system, warning bells should have been sounded a little earlier, before the problems we continue to hear about emerged.

We hear that of the Inland Revenue's 90 million letters sent out each year, 35 per cent. are returned and 31 million are wrongly addressed—and 29 per cent. of PAYE codings are incorrect. The mood music is clear. Even the Labour thinkers Anthony Giddens and Patrick Diamond have spoken about a "complicated means testing infrastructure" in respect of tax credits.

I would point out to the Paymaster General that the years between 1999 and 2003 saw enormous changes in the benefits system. At one point, we had the introduction of the working families tax credit, the disabled person's tax credit and the child care tax credit—and later we had the abolition of the working families tax credit, the disabled person's tax credit, the children's tax credit, the baby tax credit and the employment credit. The former shadow Secretary of State for Work and Pensions, my hon. Friend the Member for Havant (Mr. Willetts), observed:

"So, since October 1999, the Government will have introduced five new tax credits for families, scrapped four of them and then introduced two new ones. That averages out at a new tax credit for families every six months."

Where has all that landed us? As a press release relating to a Citizens Advice service report graphically expressed it:

"In the most extreme cases, CAB clients have been threatened with repossession or eviction. Some have had to give up work because they are unable to pay for child care. CAB advisers have had to arrange Salvation Army food parcels for families left without enough money to eat. Tax credits staff have even told some families they must take out high-cost loans to repay overpayments . . . CAB advisers have found it impossible to resolve even simple problems, because tax credit IT systems have left helpline advisers unable to provide accurate information, and because letters have gone unanswered, sometimes for moths."

What we have seen is simply grotesque—incidents of hardship, anxiety and bureaucratic incompetence on an unprecedented scale. It is ludicrous to describe the reality using terms such as "stable" and "performing well". We know that the Government are trying to recoup £1.9 billion for 2003–04, and that they will not pursue a further £800 million from recipients who fall within the 2005 disregard.

How will that be dealt with in the Government accounts? That is an interesting question, and I have discovered the answer. The Public Accounts Committee reported:

"If the Department for Work and Pensions paid out benefits corresponding to tax credits in the traditional way, they would have to seek Parliamentary approval for over-payments of £500 to £700 million a year. As these tax credit overpayments are netted off against tax collected within the Inland Revenue's accounts they are not subject to the same reporting and accountability to Parliament as voted funds."

So for these massive sums of money, full parliamentary reporting and scrutiny are not available. More light should have been shed on this very murky issue.

I am very disappointed that the Chief Secretary is not present to hear the end of the debate. I do not know where he is: he is always very courteous in the House, but it was extraordinary that, like the Chancellor of the Exchequer, he has failed to offer any apology for the grotesque misfortune that has befallen many thousands of the most vulnerable people in the country. The right hon. Gentleman gave a bloodless and technocratic performance.

The Chief Secretary was very unclear about the statutory test for the recovery of excess payments, which he rejected. To answer his challenge, I can say that the Opposition accept the global amount for the provisions of tax credits, but we need clear answers to many questions. The Chief Secretary did not give them, and I hope that the Paymaster General will take this opportunity to do so.

The hon. Member for Yeovil (Mr. Laws) said that Ministers were taking a long time to resolve the tax credit problem. He rightly noted that no real action plan exists, and mentioned the exhortations from Citizens Advice. He also talked about error rates and the amount of bureaucracy, and I agree with him that we need very clear answers from the Paymaster General on these matters.

Rob Marris: The hon. Gentleman has cited the hon. Member for Havant (Mr. Willetts), who said that most of all he wanted an end to the ludicrous tax credit system that the Chancellor introduced, which he called a failed idea from the 1970s. Earlier, the hon. Member for Tatton (Mr. Osborne) seemed to cite approvingly a report from the Institute for Fiscal Studies that suggested that the tax credit system had led to more rather than less poverty. Do the Opposition intend to abolish the system or not?

Mr. Spring: My hon. Friend the Member for Tatton (Mr. Osborne) made the position very clear. Given the huge bureaucracy and costs of the tax credit system, and the huge suffering that it has caused, we need a full-blown review of its operation. All hon. Members should be committed to that, and I refer the hon. Gentleman to the ombudsman's report in that respect.

The right hon. Member for Birkenhead (Mr. Field) was right to say that the question is not whether we dislike child poverty or want to deal with it, but how we resolve it. Of course, we are all committed to abolishing child poverty, and the right hon. Gentleman listed three clear reforms that need to be introduced. He asked that the Paymaster General respond to his suggestions, and I hope she will.

My hon. Friend the Member for South-West Bedfordshire (Andrew Selous) made a very well informed speech. He said that the operation of the system contained imbalances that discriminate against families, and that there was insufficient recognition of that. That is an important point, and it could be part of a review of the whole system.

[Mr. Spring]

It is always refreshing to hear from my right hon. Friend the Member for Charnwood (Mr. Dorrell), who has considerable ministerial experience, and who rightly said that the Chancellor and those closest to him underestimated enormously the policy difficulties involved in a change of this sort, with all the attendant consequences. He asked whether the price was worth paying.

The hon. Member for Doncaster, North (Edward Miliband) posed five questions. He rightly said that any system that imposes a stigma on people is unacceptable. His questions were listened to with respect, but he must appreciate that the system is failing in a monumental way. It is the responsibility of the Opposition and other hon. Members to hold the Government to account. We have to find a way forward. Although the hon. Gentleman cited the system's objectives, I do not believe that he can be remotely satisfied with the way it is working out in practice.

My hon. Friend the Member for Wellingborough (Mr. Bone) made an excellent and very practical speech, in which he spoke about the problems that people brought to his surgery. He brought a sense of reality to the debate, and set out the terrible fact that families in this country have no idea what their income is going to be.

The parliamentary ombudsman has criticised the application of the system, the customer interface and the IT equipment. The Government must take that on board, but they must also recognise that they have been caught between creating chaos and misery on the one hand, and spending vast sums of taxpayers' money on the other.

I can only echo what was said by my hon. Friend the Member for Tatton and many others. There has to be a proper and comprehensive review of the system, to bring order to the problem and to ensure that it never happens again on any comparable scale. It is reported that the head of the HMRC has said that it would cost £5 billion to revamp the system, and we know that the running costs now total more than £400 million.

The Atkinson review of Government bureaucracy said that the Government were inefficient and that a different system was needed, but no fewer than 3,200 Revenue staff are trying to underpin the tax credits helpline. The Treasury spin machine told *The Times* this morning that that was due to a massive increase in take-up. That is utterly wrong: it is due to the massive chaos of the system.

The Chancellor of the Exchequer is the father of tax credits. He is attending a meeting of ECOFIN, and perhaps he will talk about waste in the EU and about our £3.6 billion rebate. Perhaps he will speak about the lack of transparency in the EU, and about the need to fight oppressive regulation and bureaucracy. However, what would the right hon. Gentleman's credibility be if his fellow Finance Ministers knew that the most recent tax credit overpayments totalled about three quarters of the very rebate he is supposedly so determined to secure? One simply could not write the script.

Finally, whatever criticism one may make of the Paymaster General, she is the one who has defended the tax credits nightmare, both in this Chamber and in Westminster Hall. She has acknowledged the hardships that it has caused, and even the Prime Minister has apologised, but we have yet to hear a word of remorse from the person with departmental oversight of this bureaucratic nightmare. I leave it to the House to make a judgment on that.

6.49 pm

The Paymaster General (Dawn Primarolo): In the few moments left for my reply to this important debate, I want to try to touch on all the major points that Members have raised. I start by making clear that the debate must be set in context. As the Minister, I fully acknowledge the problems with the introduction of the tax credit system and the IT system. I have been open with the House about the problems caused for some claimants and I would never wish anybody to suggest that I underestimate them. I have listened carefully to the points that have been made about the recommendations by the ombudsman, the adjudicator and the CAB and I shall return to them. I shall explain to the House how I propose to take forward those recommendations.

Like my hon. Friend the Member for Doncaster, North (Edward Miliband), I want to start by setting the context. I was interested in what the right hon. Member for Charnwood (Mr. Dorrell) said and, if I may, I will paraphrase him. He said that the Conservatives were very concerned about poverty, but they had been unable to do anything about it and it continued remorselessly to rise under their Administration. When people talk about the misery of poverty, they should consider that context: the rise from 1 million to 4 million in the number of children who fell into poverty under his Government.

The tax credit system assists and supports the poor. It is important to reinforce that point. As my hon. Friend the Member for Doncaster, North suggested, it is a broad-based system. He referred to take-up, and said that tax credits were well targeted and that the system destigmatised claimants and ensured that most families received support. More than 500,000 children have been lifted out of poverty since 1998–99, and 6.1 million families, with 10 million children—not an insignificant number—are benefiting from tax credits. By October 2005, in real terms, families with children in the poorest fifth of the population will, on average, be £3,200 a year better off. Children's risk of poverty has fallen from 33 to 28 per cent., after housing costs, between 1988–89 and 2003–04. Of course, more needs to be done, as the Government's child poverty strategy and the review published last summer clearly indicated. We need to develop that work.

Members have referred specifically to the administration of the system. My right hon. Friend the Member for Birkenhead (Mr. Field) focused on how the system could be made to work and to respond, in particular, to the needs of the more vulnerable. I understand entirely that he wants a wider debate about whether tax credits really are the way forward. He will understand that as a Minister, I am committed to tax credits but those are perfectly legitimate questions and they need to be asked.

So, what have I done? On 5 July, I met Citizens Advice and the ombudsman, and today I met the adjudicator. I discussed with all of them their recommendations. I have

agreed that there should be a formal response to the ombudsman's recommendations, giving a time frame for their delivery where possible. Most important, I was keen to learn from the experience of all three and to discuss with them how we could maintain contact and ensure that the recommendations are properly taken forward, how we can report back to them and how they can assist us in that process. All three organisations acknowledged the value of the tax credit system, but noted the need to deal with the issues that have been raised.

With regard to the recommendations made by Citizens Advice, the ombudsman and the adjudicator, recommendation 10 in the ombudsman's report is that there should be a blanket amnesty on overpayments. As I have explained to the House and explained again to those organisations, the Government have a responsibility to balance our duty of care for all claimants with our duty to all taxpayers with regard to the public purse, so we cannot make a blanket decision for all cases where overpayment is vastly out of proportion to the award, and in many cases is not contested. However, we have said that, with that exception, we want to engage with them and to consider all their recommendations and the practicalities of taking them forward. For example, all three organisations made recommendations about award notices. We have been consulting them about the introduction of a new award notice. I have asked that the ombudsman and the adjudicator consider that in the light of the points they made. A draft is available, and I shall be delighted to put it in the Library.

I can assure the House that I shall work closely with the consultation group, the voluntary sector, the ombudsman and the adjudicator to take that work forward. Many elements in my statement to the House of 26 May preceded the reports, but encompassed many, indeed all of the points, with the exception of the amnesty. That relates to the point made in a slightly different fashion by my right hon. Friend the Member for Birkenhead about the possibilities of what I would describe as playback, whereby the tax credit claimant would receive a playback of all the awards and the changes that had been made through the year, so that they had a clear statement. I have asked that that be taken forward as a matter of urgency.

The system works for the majority of people, but at every point I try to draw on all the expertise and knowledge of those three organisations and others to improve it, and to deal specifically with the steps that we may need to take for an important group in the tax credit population. For example, I have asked the CAB to engage in discussions with us about how we can develop and enhance its advocacy role, using its expertise especially to reinforce support and advice. I have asked HMRC, in the period of merger, to examine how we can strengthen and ensure access for that particular group in many different ways.

Mr. Frank Field: I am grateful to my right hon. Friend for saying whom she will consult on her new statement explaining the tax credit payments, but the group that she has missed out is poor people. Many poor people are very intelligent, and that is how they survive. Might she include some of our constituents when she consults on the design and intelligibility of the form?

Dawn Primarolo: I have no objection to doing so. Indeed, hon. Members who are consulting their constituents and discussing the issue with them have said that they will report to me. We have to have a wider base for consultation, because we must get it right.

My right hon. Friend also raised the very important question of suspension of recovery in case of dispute. I spoke to the citizens advice bureaux, the ombudsman and the adjudicator on that point. HMRC now tells me that we can introduce a suspension in case of dispute and, until it is resolved, recovery will not continue. I am simply now awaiting a date from HMRC for that procedure.

With the recovery mechanisms in place, the strategy of tax credits ensures, as my hon. Friend the Member for Doncaster, North (Edward Miliband) said, that we target poverty, remove children from poverty, and support families in balancing their family responsibilities and their work. The tax credits ensure that we share the burden as a community and give more to those who have least, ensuring that everybody gets something and the most goes to the poorest. That is the basis of the tax credits and that is why the policy is right. That is why we need to move now—as hon. Members have said—to ensure that the administrative and IT problems are corrected and the system delivers for all claimants the very best service that we always intended to provide. I commend the tax credit system to the House. We will continue to eradicate child poverty and take forward the principles enshrined in the system.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 220, Noes 305.

Division No. 36] **[7 pm**

AYES

Afriyie, Adam	Cable, Dr. Vincent
Ainsworth, Mr. Peter	Cameron, Mr. David
Amess, Mr. David	Campbell, rh Sir Menzies
Ancram, rh Mr. Michael	Carmichael, Mr. Alistair
Arbuthnot, rh Mr. James	Carswell, Mr. Douglas
Baker, Norman	Cash, Mr. William
Barker, Gregory	Chope, Mr. Christopher
Baron, Mr. John	Clappison, Mr. James
Barrett, John	Clark, Greg
Beith, rh Mr. Alan	Clifton-Brown, Mr. Geoffrey
Benyon, Mr. Richard	Conway, Derek
Bercow, John	Cormack, Sir Patrick
Beresford, Sir Paul	Cox, Mr. Geoffrey
Binley, Mr. Brian	Crabb, Mr. Stephen
Blunt, Mr. Crispin	Curry, rh Mr. David
Bone, Mr. Peter	Davey, Mr. Edward
Boswell, Mr. Tim	Davies, David T.C. *(Monmouth)*
Bottomley, Peter	Davies, Philip
Brazier, Mr. Julian	Davies, Mr. Quentin
Breed, Mr. Colin	Davis, rh David *(Haltemprice and Howden)*
Browne, Mr. Jeremy	
Browning, Angela	Djanogly, Mr. Jonathan
Bruce, Malcolm	Dorrell, rh Mr. Stephen
Burns, Mr. Simon	Dorries, Mrs. Nadine
Burstow, Mr. Paul	Duddridge, James
Burt, Alistair	Duncan, Mr. Alan
Burt, Lorely	Duncan Smith, rh Mr. Iain
Butterfill, Sir John	Dunne, Mr. Philip

Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Mr. Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shephard, Mr. Richard
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Henry Bellingham and Mr. Peter Atkinson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey

Hopkins, Kelvin
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Steele, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Vernon Coaker and
Mr. Dave Watts

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House supports the Government's strategy to make work pay and provide financial support to families through tax credits; welcomes the fact that over 6 million families and 10.5 million children are benefiting from tax credits, with first year take-up of around 80 per cent., compared to just 57 per cent. for the Family Credit system inherited by the Government; recognises that far more families than ever before are benefiting from help with childcare costs; notes that tax credits are central to the Government's goal of abolishing child poverty; further notes that tax credits have helped ensure there are 1.5 million fewer children in poverty and have helped 275,000 lone parents into work; recognises the need to balance the demands for a simple system with the need for a system that responds to people's changing circumstances, giving most help to families when they need it most; acknowledges the IT and administrative problems that accompanied the early stages of implementation; and welcomes the measures announced by the Government for improving the administration of the system.

Licensing Act 2003

Mr. Deputy Speaker (Sir Michael Lord): I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

7.16 pm

Mrs. Theresa May (Maidenhead) (Con): I beg to move,

That this House notes with concern that with only 25 days to go before the 6th August deadline set in the Licensing Act 2003, only 20 per cent. of licence applications have been received; further notes the chaos that this is creating both for the licensing trade and for local authorities; is concerned by the problems of extra cost that the legislation is creating for village halls, sports clubs and community centres; regrets the effect that this will have upon local communities; condemns the Government for its lack of action in dealing with the problem; and calls upon the Government to extend the deadlines for the receipt of applications and re-examine the impact upon village halls and sports clubs.

I do not think that the Government will be surprised that we have tabled this motion. We have raised the issue in departmental questions, tabled early-day motions and debated the matter in Westminster Hall. Moreover, the Conservative party opposed the Bill when it was first debated in the House, and we did so because we thought that it was ill thought out and badly targeted, that it failed to address the real problems and that it would be impossible to implement. I pay tribute to the work done by my hon. Friend the Member for North-East Cambridgeshire (Mr. Moss), who, during the passage of the Bill, consistently pointed out to the Government the practical problems that they would face with this badly drafted and ill-thought-out legislation. I hate to say this to the Minister, but "We told you so".

At every stage of the implementation of the Licensing Act 2003, we have attempted to make constructive and positive suggestions about how it could be delivered. We have raised concerns from the brewing industry, village halls, voluntary groups, musicians and sporting clubs. At every stage, sadly, the Government have ignored our pleas, denied that there was a problem and buried their head in the sand. Their response has been—to paraphrase a former Prime Minister—crisis, what crisis?

Jonathan Shaw (Chatham and Aylesford) (Lab): The right hon. Lady sets out what she describes as chaos. Does she agree with the leader of Westminster city council, who said:

"The Licensing Act brings enormous potential to consolidate Westminster's position as a premier evening and late-night destination."?

What has she got to say to that?

Mrs. May: It has come to a pretty pass when a Labour Member has to quote a first-rate Conservative council to try to defend the Government on such a matter.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): Will the right hon. Lady give way?

Mrs. May: I shall make just a little more progress before giving way.

We can talk to all sorts of bodies—the licensing trade, Action with Communities in Rural England, the Musicians Union, the Central Council of Physical Recreation, which is dear to the heart of the Minister for Sport and Tourism, or the Local Government Association—and they will all tell us that the Government are presiding over the biggest chaos in implementation since the last big chaos in Government implementation. Indeed, I was at a dinner in Harrogate only last Tuesday—a mere week ago—when the leader of Westminster city council made a key point in telling me and the others there that it was high time that the Government listened to the issues that were being raised by local authorities about the problems of implementing the Act.

Rob Marris (Wolverhampton, South-West) (Lab): Will the right hon. Lady give way?

Mrs. May: I shall give way to the hon. Member for Hackney, South and Shoreditch (Meg Hillier) first.

Meg Hillier: Would the right hon. Lady like to visit my constituency, where the local authority in Hackney has done an excellent job in working with the community and local people to bring in locally controlled licensing hours? Local people are delighted that they can go to their elected representatives to tackle problems, rather than experiencing the chaos that we had before.

Mrs. May: I am always very happy to visit Hackney and talk to people about the implications of what the Government are doing in the hon. Lady's constituency. I suggest that she visits other constituencies throughout the country in which village halls and many publicans are experiencing chaos and local authorities face the prospect of having to deal with large numbers of licence applications in the next couple of weeks.

Peter Luff (Mid-Worcestershire) (Con): For the third time in her speech, my right hon. Friend has correctly cited a list of organisations that are deeply and seriously affected by the Act as implemented. I have a sheaf of letters from village halls and parish councils in my constituency that endorse everything that she said—*[Interruption.]* I shall happily take the Minister for Sport and Tourism through the letters one by one if he doubts me, because he would be shocked by what he found in them. Can my right hon. Friend assure me—*[Interruption.]*

Mr. Deputy Speaker: Order. It would help if we did not have interventions from a sedentary position.

Peter Luff: I am grateful, Mr. Deputy Speaker. Can my right hon. Friend the Member for Maidenhead (Mrs. May) assure me that the omission of travelling circuses from her litany is simply an oversight and that she understands the serious impact that the Act is having on them?

Mrs. May: I can certainly assure my hon. Friend of that fact. Indeed, I have so far failed to mention farmers' markets, take-away food stores, off-licences and corner shops, all of which are deeply affected by the Act. He mentions the sheaf of letters that he has received from

his constituents. My hon. Friends have sent me copies of the correspondence that they have received from village halls, sports clubs and other organisations in their constituencies, all of which are complaints about the implications of the Act.

Mr. David Heath (Somerton and Frome) (LD): Will the right hon. Lady give way.

Mrs. May: The hon. Member for Wolverhampton, South-West (Rob Marris) asked first.

Rob Marris: The right hon. Lady might not know that the third largest pub chain in the United Kingdom is headquartered in my constituency and run by the excellent Wolverhampton and Dudley breweries. I spent last Wednesday evening at a dinner in the company of some of its representatives, and although they said that there were some teething problems, they were entirely happy with the Licensing Act 2003, as far as I could gather. The industry is certainly not entirely against the legislation.

Mrs. May: The whole point is that the big chains have the personnel, resources and funding to provide support to their pubs. The hon. Gentleman should perhaps talk to smaller brewery chains such as Brakspear, which is an excellent local brewery in Henley. Only last week I met a representative of the company who told me about the real problems that its pubs are having in dealing with the extra cost and additional bureaucracy and time involved in the licence applications.

Mr. Heath: Just so that the right hon. Lady's list becomes ever longer, another group of voluntary organisations that is deeply affected by the Act is the carnival circuit in Somerset. She might not know that that massive affair attracts up to 150,000 people a night, but it could be decimated as a result of the Act.

Mrs. May: The hon. Gentleman makes an extremely valid point. The Government have completely failed to understand the number of organisations and activities that are affected by the Act and will find matters involving licensing applications rather more difficult than they did in the past.

I am not sure what I find most galling: the inability and incompetence of the Government, or the arrogance of Ministers about the matter. During Culture, Media and Sport questions yesterday, the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Stalybridge and Hyde (James Purnell), told us that 33 per cent. of expected applications had been received. He said:

"Applications are starting to pick up, although there is still some way to go."—[*Official Report*, 11 July 2005; Vol. 436, c. 555.]

With 25 days to go, for 190,000 premises—I am setting apart personal licences—an outstanding total of 133,000 applications are yet to be made. As a result of the Government's deadline of 6 August, local authorities will have 18 working days in which they will be expected to receive and process applications, so they will have to deal with 7,400 a day. That shows the chaos out there at the moment. Why do not the Government just admit that they got things wrong and work with us to come up with a solution?

Mr. Don Foster (Bath) (LD): Will the right hon. Lady also acknowledge that in addition to the many licence applications that are still to come forward, there will be a large number of appeals? Does she think that the magistrates courts will be in a position to deal with them, let alone that the local authorities will be able to deal with the licence applications?

Mrs. May: Indeed; the hon. Gentleman makes a valid point. There are three stages to the problem. Local authority officers must first deal with processing. Then local authority councillor panels might have to meet many times a week over the rest of this month to deal with applications. There could then be a problem for the magistrates courts, which was raised with me when I visited my local magistrates court in Maidenhead a couple of weeks ago. People are worried about what they must do to ensure that the Act is properly implemented.

In a sense, I feel sorry for the Under-Secretary. This was a disaster waiting to happen and it has just been dropped in his lap. Even the *Financial Times* has documented his annoyance at dealing with the ensuing chaos and the fact that he is becoming fed up with "these ridiculous photo opportunities" that have seen him pictured in every catering magazine from *Fast Food & Frying Operator* to *Masala*. I am sure that they are worthy and well-read publications, but even if the Under-Secretary were to appear as the centre spread in *Vogue*, *OK!* or *The Guardian*'s media pages, he still could not meet his 6 August deadline for the applications.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): I am grateful to the right hon. Lady for the opportunity to clarify the fact that I was absolutely delighted to give interviews and participate in all those photo opportunities. Although the *FT* is a very august and respectable paper, for once it got the emphasis slightly wrong.

Mrs. May: Oh dear, the damage is done. I am afraid that I cited a direct quote from the Under-Secretary.

Of course we accept that applicants, especially commercial businesses, should pay the cost of their licensing applications. However, running such a burdensome, bureaucratic and unnecessarily complex system is introducing additional costs that the industry, let alone voluntary organisations, simply cannot afford to bear.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): The Tories have flip-flopped constantly on the Act. They cannot decide whether they want it to be more regulatory or deregulatory. Perhaps the right hon. Lady will clarify their position.

Mrs. May: I want the Act to be fair to all pubs, clubs, voluntary organisations, village halls and sports clubs throughout the country, although some are now faced with possible closure as a result of the Government's actions.

[Mrs. May]

The Under-Secretary tells us that the new system is not bureaucratic at all. He tells us that filling in the new forms is simply a matter of ticking a few boxes. He said:

"It's much simpler than filling in a tax form".

Well, I do not know what sort of tax form he fills in. I took the opportunity to download an application form from the Department's website. It is indeed just a matter of a few boxes—97 of them, in fact. Those are just the boxes to be ticked, because another 508 boxes require further information. More than 600 boxes must be completed, yet the Under-Secretary says that the form is simpler than the two pages of application that people had to complete in the past.

James Purnell: To tick all those boxes, an organisation would have to be a venue with a dance floor that would serve alcohol and late food, in addition to putting on dance, showing films and putting on a wrestling match, indoor sports and plays. If an organisation is just converting, the application form is only seven pages, not 21 pages with 500 boxes, as the right hon. Lady suggests.

Mrs. May *rose—*

Ms Barbara Keeley (Worsley) (Lab): Will the right hon. Lady give way?

Mrs. May: I shall respond to the Minister's point first.

The application form is not just seven pages, because the form entitled "Application for an existing licence to be converted to a premises licence" is for a conversion application and it is 27 pages long, including the guidance notes. It is all very well for the Minister to say that people do not have to complete every box. They may not wish to apply for everything, but they have to read the form and decide whether to complete it. The point is the time that it takes to fill it in.

Ms Keeley: On effort, I commend to the right hon. Lady one of my two local authorities, Salford, which has got around the problems that she raises by doing the simple things that a local authority should do in such circumstances. It has run workshops, given advice and sent out letters to prompt applications. That is not difficult. [HON. MEMBERS: "It is."] It is not. The key point is to bring local authorities and communities into a dialogue on licences. Talking to—

Mr. Deputy Speaker: Order. The hon. Lady must ask a question when she intervenes. I think that for now she has probably said enough.

Mrs. May: I accept that some local authorities are running workshops. That is a good idea and is helpful, but if someone is a volunteer running a small village hall committee, he still has to find the time to attend those workshops and to fill in the form, regardless of whether he has been to a local authority workshop or not.

Far from communities having a greater say in what is happening in their area, a publican told me the other day that the village where her pub is located is concerned because the application form, which goes up in the pub's window, has to contain the full hours for which she is applying for a licence. As she wants the opportunity to have an extended licence for new year and sometimes to have people in to watch the rugby in the morning, she has applied for a licence from 8 am to 1 or 2 am. Far from feeling that they are being consulted, local villagers are saying, "What's this? Why is the pub going to be open every day from 8 am to 2 am?" It is not, but the way in which the Government have drafted the legislation is causing all those worries.

The system has become so bureaucratic that it is a lawyer's licence to print money. Hon. Members should not take my word for it: ask a lawyer—everyone else has to in order to fill in the forms. Peter Lockley of Blythe Liggins solicitors in Leamington Spa says:

"The Government could not have produced a more complicated form had it tried. Even seasoned lawyers and experienced licensees are on the whole totally confused."

For once, that piece of legal advice is free.

Alternatively, the Minister could ask someone who has completed one of the forms. John Moore of Ashfield Peace memorial hall writes:

"I have personally devoted at least two man weeks to understanding the requirements, attended a training evening and had two meetings with the licensing authority at Mole Valley. I have purchased two HMSO publications on the Regulations and the interpretation costing £24. I have read 30 pages of accompanying notes. I have completed a form 21 pages long, each page seriously complicated and detailed, compared with 2 simple pages previously. We have had to prepare a plan of the hall to scale 1:100 done by volunteers but costing us £120 for computer software to run it. We have by law to advertise our change of licence at a cost of £292".

That is the process that people have to go through to apply for the licences.

Alistair Burt (North-East Bedfordshire) (Con): "Simple"—the Minister has no idea.

Mrs. May: Indeed, simple is how the Minister describes it. He has no idea what people face.

Let me draw the Minister's attention to the e-mail that I received from the chairman of the Pinder hall committee in Cookham in my constituency—Pinder hall is the village hall. She says:

"Our Social Club has thrown in the towel and is going to a solicitor, as they feel the forms are so complicated. The Sailing Club"—

Cookham Reach sailing club—

"have discovered the cost is more than they bring in in fees and we at the Pinder Hall believe we will have to pay well over £1,000 for just eighteen events a year. The Cricket Club say no one told them about it . . . The whole thing is a total fiasco".

That is the point. If even trained professionals like that lawyer are struggling to cope with the system, how on earth are volunteers supposed to cope? The complex nature of the regime is putting at risk the future of our sports clubs and village halls.

The Minister has made a number of statements about the new regime. He has said that it simplifies matters and makes it cheaper for organisations in the long run, and that once completed, organisations will never have to apply again. Indeed, on the "You and Yours" programme on BBC Radio 4 two weeks ago, he said:

"The light at the end of tunnel is that they can know that they will never have to apply for a licence again".

My version of never having to apply again is clearly not the same as Ministers'. My "never having to apply" means exactly that. The reality is, however, that organisations will have to renew their licence every year at the cost of between £40 and £225. *[Interruption.]* Ah! The Minister says that they will not have to fill in the same form. What he said on the Radio 4 programme was:

"they will never have to apply for a licence again",

yet they will, because every year they have to apply to renew their licence.

When is a licence for life not a licence for life? I suggest that it is when it is issued by this Minister. His one-off licence looks a little dodgy to me. Perhaps he has become the Del Boy Trotter of the licensing trade: "Lifetime guarantees but don't expect your money back."

I have other examples of people who face the reality of filling in the forms. Bob Hulley, the secretary of Sonning working men's club, says:

"Hitherto, Clubs have had to apply to a Magistrate's Court for a Club Registration Certificate. This cost is £10, and lasted for ten years. Under the new Act, we have had to pay £250 to apply . . . £230 to advertise our application, and starting next year there is an annual fee of £180. We are constituted on a 'not for profit basis', and exist to serve as a focus and meeting place for the local community. If we finish a financial year and all bills paid and a surplus of only a few hundred pounds in hand, we feel we have done quite well.

We are looking at ways to increase income, such as increasing our membership fees, but we have to recognise that many of our members are pensioners, who are living close to the financial edge themselves."

Sonning working men's club

"has served the community in Sonning for over 100 years. We will do our utmost to keep going, but I have to describe our future as uncomfortable to uncertain."

Meg Hillier: Will the right hon. Lady give way?

Mrs. May: No. I want to make progress.

That is the reality of what is happening as a result of the Act. When the Minister says that it will not affect community groups, perhaps he has not heard of organisations like Sonning working men's club or the Italian Circle in Welwyn Garden City. The committee of the Italian Circle has written to us. It was established a few years ago to provide talks about Italian subjects to members and visitors. It has slide shows, videos and so forth, and offers members and visitors the opportunity to have a glass of wine. The consumption of wine averages four to five bottles a meeting, yet it has been informed that it has to make an application under the Act for temporary event notices. According to the chairman, however, the way in which the Act is drafted has presented it

"with severe problems, which may result in the closure of the Circle."

The Government have failed to grasp the way in which this ill-thought-out and heavy-handed law is impacting not just on community groups, village halls and working men's clubs, but on small businesses. I have a letter from Wines Unlimited in Worcester Park, which says:

"We are a small wholesale wine business, selling by the case, which my husband set up when he retired as a hobby. Under the old regulation we did not need a licence to trade as a wholesaler. Under the new regulation we have to have a premises licence for our storeroom, a Personal licence, pay Band D Charges council tax and many more regulations, which of course all cost money. Our profit margin is very small and therefore would not stand this kind of expense. So we can only go out of business."

It goes on to say:

"The Legislation has not been thought through properly. We have to spend between £100.00 and £300.00 on a course to teach us NOT about wine or how to serve the community"

but

"to teach us how to throw someone out of a bar! (which we do not have and have no intention of having)".

That is how ill-thought-out this particular piece of legislation is.

At Prime Minister's questions three weeks ago, the Prime Minister, on the issue of village halls, gave an undertaking. He said:

"I do understand the hon. Gentleman's concerns. We tried to introduce a licensing regime that puts more power in the hands of local people. I understand the problems of village halls—I have heard about them myself—and we look further into them to see if anything can be done. Obviously, in the end, we need a licensing regime that pays its way."—[*Official Report*, 22 June 2005; Vol. 435, c. 798.]

Perhaps the Minister can tell us what can be done or what he intends to do as a result of the Prime Minister's commitment to the House that this matter would be looked into. What will the Minister be doing for Richard Slater of the Village Halls Advisory Service, who says that the new Act seems very unfair. He adds:

"For halls to be limited to 12 temporary event notices means that small money-raising activities for, say, a playgroup holding a cheese and wine event will either be driven to private houses for a few or penalise an essential facility in a village."

That is the problem. Community activities will cease as a result of what the Government have been doing.

There are further complications. I have seen a letter from Mr. Barclay, the honorary treasurer of Roydon village hall.

Ms Angela C. Smith: I thank the right hon. Lady for giving way for a second time.

The right hon. Lady has talked much about chaos, disorder and complication. However, she would deprive the police, local authorities and local residents of important new powers to deal with problems created by alcohol-fuelled disorder and violence. Does she have an alternative for dealing with such problems? Does she agree that the problems exist?

Mrs. May: I suggest that the hon. Lady thinks seriously before making such an intervention. When have there been problems of social disorder in village halls as a result of cheese-and-wine fundraising events for play groups? There have not been any. The Government have used an Act that introduced various other facilities as a sledgehammer to crack a nut in relation to village halls and sports clubs.

There are other complications. The honorary treasurer of Roydon village hall has said that before it can have a designated premises supervisor it must undergo a Criminal Records Bureau check. He added:

"We have been informed that this check cannot be carried out in England because the organisation to process these checks has not been put in place, and the current information supplied by the

[Mrs. May]

English Criminal Records Bureau does not meet the requirements of the new legislation. Therefore the application has to be processed in Scotland. We have four members on the Committee, who have undergone enhanced CRB checks in England, but this check is insufficient for the new regime, and they will need to undergo these checks again if they would wish to be designated premises supervisors."

I have merely touched the surface in my remarks about what is a bad piece of legislation. Sadly, there is little time left for us to make it better. If the Minister had decided to work with us when we first raised these issues, he would have extended the deadlines, and we would have given him our support. However, we are now faced with just a few working days in the House, and no chance of bringing forward primary legislation to extend the 6 August deadline. Will the Minister at the very least now accept the mess that he has created and that he now finds himself in and work with us to find a solution for the many organisations that are struggling with the implementation of the Act?

The Minister has not yet laid the statutory instrument setting the second deadline of 24 November. Will he agree to extend that deadline, at least until after the Christmas and new year period, so that seasonal trade and the enjoyment of the public are not interrupted?

The Minister has set up the licensing fees review panel—I repeat the questions that I put to the Minister for Sport and Tourism yesterday, which he singularly failed to answer or even attempt to address in his responses—which will not report until autumn 2006. Will he now bring forward the review, tell it to report by the November deadline this year and agree to backdate any proposed reduction in fees, particularly to sports clubs and village halls? Will he agree also to review the way in which charges are apportioned to clubs, particularly sports clubs, so that they are based on the rateable value of only the area that is serving alcohol, rather than the club premises and grounds as a whole? Will he review the preposterous issue of temporary events notices, and increase them from 12 to at least to 24, and preferably to an even higher number?

We are discussing the implications that this bad Act will have for the licensing regime. I have not mentioned many other organisations and businesses that are affected by the legislation, such as travelling circuses. The hon. Member for Bath (Mr. Foster) mentioned carnivals. There are also farmers' markets, fast food outlets and corner shops, some of which are finding things very difficult and may go under. All of those organisations, businesses and community activities are being affected by the Act.

Ms Keeley: Will the right hon. Lady give way?

Mrs. May: No, I am coming to a conclusion.

The Minister should now face the truth and accept the reality of what is happening. He need not accept my word, but he should accept the word of village halls, community centres, clubs and sports clubs throughout the country. He must face the truth, accept the chaos that the Act is causing and do something about it now.

7.44 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): I beg to move, To leave out from "House" to end of the Question, and to add instead thereof:

"commends the Government on its effective publicity campaign that has significantly increased the rate of applications to convert existing licences under the Licensing Act 2003 before 6th August; encourages remaining licensees to fulfil their responsibilities and get their applications in before that date; considers that failure to implement the Act without delay would deny local communities increased powers of intervention and improved democratic accountability with regard to licensing and deny the police the expanded powers that are vital to their efforts to tackle alcohol-related crime and anti-social behaviour; welcomes the powers in the Act to prevent crime and disorder and public nuisance, and protect children from harm; believes that the Act will benefit local communities, local economies and tourism and generate savings for business of almost £2 billion over 10 years; and furthermore, believes that the Act will be successfully implemented by 24th November 2005 and will be welcomed by industry and non-commercial organisations, including village halls and sports clubs, alike.".

My right hon. Friend the Secretary of State regrets that she cannot be here for this important debate. As the House will be aware, she has been asked to take on a role working with the families of the victims of last week. I think that it will be understood why she is not able to be in the Chamber.

I listened carefully to the right hon. Member for Maidenhead (Mrs. May). After 28 minutes of her speech, I am still not clear whether she is in favour of more flexible hours or against them. There was no mention of her view on that or of the alternative policy that she was putting forward. We have some sympathy with her in that her quandary is really her predecessor's fault. As has been said, the Tories have flip-flopped all over the place on the Licensing Act 2003. They started by being in favour. When the Bill was passing through the House, the right hon. Lady's predecessor said that the Conservatives agreed with the need for greater flexibility on opening hours, and that they accepted the argument for doing away with universal chucking-out time. Then, just before the election, when the political editor of the *Daily Mail* telephoned and said that it was launching a campaign against 24-hour drinking, the Tories decided that they were wrong after all, that they would come into line with the *Daily Mail* and would oppose the extension of the opening hours that they had supported in the first place.

Today, the problem for the right hon. Lady is that she cannot say what she thinks about flexible hours. I suspect that she agrees with them, but she cannot say so because in another part of the forest the shadow Home Secretary is still busily campaigning against 24-hour drinking, even though no one has applied for 24-hour licences.

Mr. Edward Vaizey (Wantage) (Con): As we are experiencing the parliamentary equivalent of a lock-in, as I gather from the screens, perhaps it is time to make many interventions. The key point that the Minister must understand is that we are not debating the flexibility of the Act, but the inflexibility of the Act—the one-size-fits-all approach has penalised village halls. Will the Minister reconsider this regime and how it

affects village halls, which are staffed by volunteers and do not have the resources to have a designated premises supervisor and do not need licensing training?

James Purnell: I am happy to consider that. I am also happy to meet the hon. Gentleman and other colleagues if that is their wish.

The right hon. Member for Maidenhead has no alternative but to focus purely on the implementation of the Act. She does not have a position on the overall intent of the Act.

Jonathan Shaw: As well as 24-hour drinking, on which we have not heard from the right hon. Lady for Maidenhead (Mrs. May), she also failed to mention the president of the National Association of Kebab Shops, who thinks that the Bill is top dollar. He has said:

"We are happy with this law because the longer opening hours will be available to most take-away shops."

There we are. Put chilli sauce on that.

James Purnell: I look forward to my hon. Friend's press release and seeing him pictured in one of his local kebab shops.

The truth is that the Tory party has sacrificed long-term credibility for the prospect of winning the support of an agreed section of the population, or even the possibility of winning votes in the House. That is what the shadow Chancellor said when he was explaining why the Conservative party did so badly at the last general election. It seems from the speech of the right hon. Member for Maidenhead that not much has changed. We are left only with criticism and no positive alternatives.

The truth is that the legislation that we are discussing is long overdue.

Mrs. May: I set out a number of positive alternatives in my closing remarks. I offered suggestions to the Minister on ways in which the Government could get out of the mess into which they have got themselves.

James Purnell: We still do not know what the right hon. Lady's views are on flexible hours. Through the Act—*[Interruption.]* The core of the Act is about flexible hours and still, after years of scrutiny, we have no idea of what Tory policy is on the issue.

Alistair Burt: The Minister is a bright chap. We are not dealing with a motion that condemns the entire Act in all its aspects. The point of the motion and that of the speech of my right hon. Friend the Member for Maidenhead (Mrs. May) was to pinpoint the failure of the Act and the possibility of repairing the damage that is being done to certain of the community because of that Act. If the Minister would get off 24-hour drinking and spend 20 minutes answering the questions perhaps we would have a better debate.

James Purnell: That is exactly what I am going to do. If the hon. Gentleman supports the Licensing Act, presumably he is against the shadow Home Secretary, who is busy campaigning against it. That is the problem for the Opposition—they have taken two totally different positions and have contradicted themselves so they now find themselves in the position where they do not have a position.

Mr. Heath: I want to make a positive suggestion. The Minister knows that I am interested in the problem relating to carnivals, which is an unintended consequence of the Bill. Traditional carnivals in Somerset include moving floats, which are exempt, and people walking along, who are not exempt. Would he consider using a definition from the Town Police Clauses Act 1847? It is an old Act, but every carnival uses it to secure road closures. It refers to

"all times of public processions, rejoicings or illuminations, and in any case when the streets . . . may be thronged or liable to be obstructed".

Although that definition is 150 years old, it would get round the difficulty for carnivals. Would the Minister look at it and see whether he can send a letter of comfort to district councils so that they know how to administer the law?

James Purnell: I am happy to look at that, although my understanding is that, perhaps partly thanks to the hon. Gentleman's assiduous campaigning in Parliament, Somerset councils have now decided that their existing carnivals do not include licensable activities. New events, however, may need to be considered on a case-by-case basis.

Mr. Heath: Yes, the councils have made that decision this year, but it is open to challenge from anyone who believes that a carnival needs to be licensed. The law is imprecise, and the carnival organisers are worried that they could be liable to six months' imprisonment or a fine of £20,000 if they are found to be in breach of licence requirements. That is why we need Government reassurance that their interpretation is right.

James Purnell: I am happy to see if we can write a letter that provides comfort. The core of the Bill is about giving local authorities the power to make those decisions locally, so we would not want to override their ability to take those decisions.

Peter Luff: When the Minister debated this matter with me some weeks ago in Westminster Hall, he was in a constructive mood. When I met him to discuss touring circuses only a few weeks he was in a constructive mood again. I am glad that he is returning to a constructive mood now and engaging with the real issues, but when will I receive the letters that he promised me on designated persons for village halls and on the impact on touring circuses? Village halls and circuses cannot wait much longer for that clarification, which he promised some time ago.

James Purnell: We were looking at that in the Department only today. We are trying to secure the final piece of legal advice that we need to send the letter, but we shall do so as soon as possible.

Thanks to the Act, we can finally look forward to longer pub opening hours, which will boost tourism and help to stamp out binge drinking through a more relaxed and responsible approach to the enjoyment of alcohol. The current laws are based on laws introduced

[James Purnell]

during the first world war and have no place in today's society. That is the view of the Campaign for Real Ale, which is right. The current law is full of anomalies. The "two in a bar" rule, for example means that the White Stripes,—as the House knows, one of the most successful bands in the world but which has only two members—could turn up in a local pub and put on a concert for thousands of people. Our very own MP4—a band with growing support in all our constituencies—would not be able to perform unless the pub had obtained a special licence for them. The band has a slightly smaller fan base than the White Stripes. *[Interruption.]* At the moment—perhaps one day it will be headlining at Glastonbury. *[Interruption.]* Unfortunately, I wrote it.

Uniquely in Europe, we have an 11 pm closing time, which means that people neck two or three pints before being thrown out on the streets at the same time, fighting for a taxi and sometimes even fighting one another. There is a loophole in a law that allows people to sell alcohol after 11 pm, as long as they serve food and provide music and dancing. That means that the one group of people to whom we allow alcohol to be served after 11 pm are those whom our constituents are most worried will be a source of nuisance. The regime clearly needs to be updated, and Members on both sides of the House will agree that the change in the law is overdue.

The greater flexibility that we are introducing will save the industry money. At the moment, any pub that wants to stay open late, to open early on Christmas eve or to show the Lions test, must go to a magistrate to secure special permission at a cost of £10 a time. There are about 1.7 million such applications a year. The Licensing Act will sweep away anomalies as well as the need for people to go to a magistrate every time that they wish to apply for a special permission. It replaces that requirement with a system in which people apply for a licence once without further need for form filling. The right hon. Member for Maidenhead was stretching the point when she said that because people have to send off a cheque they are making an application. We have front-loaded the application process—people apply up front, then they need never apply again for a premises licence.

Meg Hillier: My hon. Friend mentioned magistrates. Hackney council welcomes the Government's resolve to stick with the 6 August deadline, but would like to know whether applications referred to magistrates on appeal after automatic refusal could be fast-tracked back to the local authority for redetermination. Given the likely last-minute rush, that would make the scheme more workable.

James Purnell: My hon. Friend makes a good point. We need to work with magistrates to ensure that if the application is for a conversion and there has been no objection, it should be possible, if it is not processed within two months, to fast-track it through the magistrates courts. I do not know whether we can take up the point that my hon. Friend made in relation to conversions, but I shall certainly look at it and write to her.

As I said, the new Act sweeps away anomalies and ends the need for people to go to the magistrate every time that they want to put on an event. Consequently, the amount of forms processed will be greatly reduced from 16 million a year to 2 million per year. The number of hearings will go down from 2.4 million a year to 80,000. There will be great savings of about £1.5 billion in lawyers' fees, so it is not surprising that the lawyer whom the right hon. Member for Maidenhead cited was not happy.

Mrs. May: I am grateful for the generosity of the Minister in giving way once more. On the reapplication for licences, will he confirm that it is not the case that once a licence has been granted it is there for life? Will he confirm that it is not a lifetime licence for which nothing else has to be done? Will he confirm that an application has to be made every year to renew the licence? If he is saying that all that someone has to do is sign a cheque, put it in an envelope and post it, is he guaranteeing that local authorities will not require any paperwork other than the cheque?

James Purnell: There is no renewal process. Licensees send in a cheque to fund inspection and enforcement, but no other action is required of them or the licensing authority.

In the next 10 years, the Act will save the industry about £2 billion. I accept that there is an up-front cost, which we do not seek to minimise—it was included in our calculations for the £2 billion. As the industry asked us, we front-loaded the application process so that licensees do not need to return every time that they wish to put on an event. The current law is inflexible and archaic, and it fails to deal with concerns that we share with our constituents about antisocial behaviour. The only sanction that we have against a pub that is causing problems is closure. Magistrates are naturally reluctant to use that, because it is the nuclear option. Only 0.2 per cent of pubs failed to secure a licence renewal last year.

Andrew Gwynne (Denton and Reddish) (Lab): I am not sure whether I am required to declare an interest, as my wife holds a highly distinguished position as a member of Tameside council's liquor licensing panel, and my agent chairs it. Is my hon. Friend aware that in Tameside, a local authority that also covers his constituency, the liquor licensing panel refused the first two applications under the new Act because the applicants both had convictions for selling alcohol to children? Is that not a prime example of the way in which the Act, which has given real powers back to local authorities and local communities, is working?

James Purnell: That is an extremely good point, and it shows the powers that local authorities will have under the Act. Previously, they found it difficult to exercise such powers, because they were removed from local accountability. I pay tribute to my hon. Friend's wife and agent, who are leading the efforts of one of the best councils in the country—it is also my council—to introduce the law.

Instead of the present situation, where there is only the nuclear option of closure, the Act will give us a full range of powers to cope with the problems that a minority of pubs and other licensees can cause. For the first time there is a power for the local community to ask for a review of a licensee who they are worried about. The local authority can then intervene in a targeted way,

by imposing new conditions. It can ask for new doormen to be put in, for the management to be changed or for a TV screen to be moved if too many people watching sporting events are causing trouble. If targeted early intervention fails, the local authority can hit the licensee where it hurts—in their pocket. It can suspend the licence and, if necessary, revoke it. If the worst comes to the worst, the fines have been increased in the Act and the maximum fine is now £20,000, possibly with six months in prison.

We now have a full range of powers to deal with our constituents' concerns about antisocial behaviour. I was therefore surprised to see that the Liberal Democrat motion suggested delaying the implementation of the Act until binge drinking has been addressed. The whole point is that the Act is designed to help us address binge drinking and to give us much better tools to deal with it and much better ways to tackle the problems caused by a small minority of premises. That is why the police are pressing us to bring in the Act as soon as possible. For once, perhaps, the Liberal Democrats are barking up the wrong tree. The Act is a good piece of legislation.

Mr. Don Foster: I am grateful for the Minister's comments, and I will respond shortly. Can he tell us which police are urging the Government to push ahead as rapidly as possible with implementation?

James Purnell: The Association of Chief Police Officers, which was represented on our high-level group. The Act is also supported by the Police Superintendents Association. I admit that there are individual police officers who do not support the Act, but the bodies representing the police have supported us.

Ms Keeley: On antisocial behaviour, the right hon. Member for Maidenhead (Mrs. May) spoke about corner shops. The sale of alcohol by corner shops to young people is a serious issue. There are other licensing issues, but that is a serious one in many constituencies. The idea that such a business could not fill in forms and renew them annually is ridiculous. Does my hon. Friend agree that it is high time the measure came in? Control of the sale of alcohol to young people in my constituency is a serious matter and I would welcome the implementation of the Act without delay.

James Purnell: My hon. Friend is right. I know she has campaigned on the issue, and in response to her and other hon. Members who were worried, as I am, about the sale of alcohol to under-age drinkers, we have brought in the powers to deal with it. We have increased the fine from £1,000 to £5,000, we are introducing fixed penalty notices to deal with people who sell persistently to under-age drinkers, and the Violent Crime Reduction Bill will allow us to close down instantly and for 48 hours businesses which are doing that. We need to change the culture in this country, where some people think it is acceptable for children of nine, 10 or 11 to be drinking alcohol and to be drunk on our streets at 11 o'clock on a Friday night.

Jonathan Shaw: My hon. Friend referred to the Violent Crime Reduction Bill. Is it not the case that there are powers in that Bill which will ensure that premises have to pay towards some local services if they do not co-operate with local councils, police and so on?

James Purnell: My hon. Friend is right. The idea is that if a local community and a set of licensees fail to deal with concerns about alcohol over time, there will be a charge on them. We see that as a red card, to encourage them to act before that becomes necessary. The power is available to deal with the worst problems.

Implementing a new piece of legislation is always challenging, and it is not surprising that in a situation where there are about 190,000 licensees and where we are collapsing six regimes into one and dealing with a sector that was previously regulated by up to 50 pieces of legislation, there will be some sectors and individual licensees that suffer anomalies. We will examine those if they occur. We have worked closely with representatives of all the organisations that were cited by the right hon. Lady and other hon. Members, and we will continue to do so.

The right hon. Lady cited the issue of applications. She carried out a helpful survey in May to see how many licensees had applied. At that stage the rate was too slow. She found that the figure was 3.5 per cent. We therefore decided to increase our awareness-raising efforts and put in place a national campaign. We placed adverts in 28 regional and trade publications. We have done several regional tours and 50 interviews. The right hon. Lady was kind enough to mention some of them.

We are particularly grateful for the help that we received from brewers—for example, Cobra, which helped us to reach the 8,000 Indian restaurants that they supply with beer. We are also grateful to the cash and carry network, 95 per cent. of which has participated in our initiative and helped us to distribute over 200,000 leaflets to make sure that we can reach people who do not read the trade press and who do not necessarily join trade membership organisations. We can make sure that they are reached as well and that they know they need to apply.

We do not want to minimise the work that remains to be done, but applications have started to pick up. They were at 3.5 per cent. in mid-May, 10 per cent. by mid-June, 25 per cent. last week and they are now up to 33 per cent., so steady progress is being made. We recognise that there is much further to go, but there is other encouraging news, such as the fact that the British Beer and Pub Association reported this week that about 60 per cent. of pubs have now applied. If that rate of increase in applications continues, a very significant number of those that need a licence to trade will have applied by the first deadline of 6 August.

If licensees miss that deadline, they have not entirely missed their chance to apply. They will be able to apply as if they were a new licensee. That will be potentially a more difficult process because there would rightly be an opportunity for the local community to make representations. The key message that we should send out today is that they need to apply by 6 August and if they miss that deadline, they need to apply by 24 November.

Mr. Don Foster: The Minister needs to check his own legislation. Saying that licensees must apply by 24 November is a load of nonsense. Applications must be received far earlier than that, because time must be allowed for a potential appeal and the setting up of a magistrates Bench to hear it. There must be time for the

[Mr. Don Foster]

application to be consulted upon and notice given, and time must be allowed for the local authority officers and then a committee to consider it. What is the Minister's estimate of the date by which an application needs to be made if it is to go through all the potential hoops by the second named day, 24 November?

James Purnell: I am grateful to the hon. Gentleman. I mis-spoke. I meant to say that licensees had to have their application in by 24 November. We would encourage people to get their application in as quickly as possible if they fail to meet the 6 August deadline.

I want to make it clear that we have no intention of delaying that 24 November deadline. We have been urged by a large number of organisations not to delay the deadline, including ACPO and a large number of organisations in the industry, which believe that the Act will be helpful to them. We have also been urged not to delay by people who are involved in dealing with antisocial behaviour, who want the new powers that come with the Act so that they can deal with concerns about that.

Mrs. Janet Dean (Burton) (Lab): I understand that some local authorities take a different attitude to licensing, and obviously there will be differences round the country. Is there a perceptible difference in the percentage of applications made in different parts of the country, or is it pretty uniform?

James Purnell: That is a good point. Application rates vary. Among the best ones, Bolton, for example, is up to 40 per cent. Some are below 20 per cent. We are working closely with all local authorities and have worked specifically with those that have received fewer applications, to make sure that we can help them increase the number of applications that they receive.

The right hon. Member for Maidenhead mentioned the cost of licences. Yes, the cost of alcohol licences has gone up, but she knows very well that the reason for that is that previously the taxpayer was subsidising the cost of running the system, to the tune of £25 million a year. When the Bill went through Parliament, we said that that should not continue to happen. The taxpayer should not continue to subsidise the sale of alcohol because people are making money out of it. She and her party agreed with that principle.

Several hon. Members *rose—*

James Purnell: I have given way a number of times. I shall make a little progress.

It is important that the cost of the fees represents the actual cost of administering the system. That is why we have asked Sir Les Elton to examine the issue. The right hon. Lady will be happy to know that we have asked him to report by November with some initial recommendations, particularly if there are any anomalies to be addressed. He needs some evidence about the implementation of the Act before he can present us with evidence about the cost. That is why we said that after that first report he should report 12 months after the Act comes into force. Local authorities and industry broadly agree with that.

Peter Luff: Will one of the anomalies that the Minister considers be the issue of sports clubs or holiday caravan parks such as the Ranch caravan park in my constituency, which is now assessed for its fee on the whole area of the park, not just on the size of the bar or the alcohol that is serves?

James Purnell: That is one of the matters that we have asked Sir Les Elton to consider. I am told that it depends on its hereditament and that it can apply, if it wants to, to have its rateable value applied just to the area where it sells alcohol. The hon. Gentleman's constituents can examine that if they are concerned about it. We will ask Sir Les Elton to consider that issue overall.

Chris Mole (Ipswich) (Lab): The Minister will recall that I wrote to him about a speciality cheese shop in my constituency that sold alcohol as a very marginal element of its business. Will he confirm that it would be right and proper for that business, and others that hon. Members mentioned, to make its contributions directly to Sir Les so that we can judge the Bill in its entirety, not on the anomalies that have been raised by a few hon. Members this evening?

James Purnell: We will indeed look at that. My hon. Friend may well find that that shop is at the lower end of the rateable value. If it is right at the bottom end, it will be paying £70 a year. Those are exactly the kinds of issues that we want Sir Les Elton and his colleagues to consider.

Let me say a few words about village halls, which several hon. Members have concerns about. We have responded to what the Prime Minister said at Prime Minister's questions. Today, I met representatives of Action with Communities in Rural England, having spoken to them previously, and we are going to consider their concerns. They have been working closely with my officials over the past few months and have been kind enough to say in their publication that the DCMS has been extremely helpful in helping them to explain to people how to comply with the Act.

ACRE is concerned about three things: the cost of the annual licence; the up-front cost of applying for the licence; and the fact that some volunteers are worried about the legal responsibilities that they take on. We have tried to clarify some of that, for example by saying that there is no need for the personal licence holder or the designated premises supervisor to be on the premises at any time that alcohol is being served. That has reassured people. We will continue to work with ACRE over the next few months on those concerns. We have written to Sir Les Elton to ask him to consider charges for village halls as a matter of urgency, and we will think about whether there are any other issues that we can deal with.

Alistair Burt: I am puzzled. If the Minister thinks that charges being levied on village halls are too high, why does he have to refer it to anyone? Can he not make a decision instead of asking Sir Les to look into it?

James Purnell: I have responded to what ACRE—the representative body that we are dealing with—has asked us to do. It would be wrong to make a decision before the Act has come into force based on an inadequate

understanding of the evidence involved. We are doing exactly as ACRE has requested, which is to look at the evidence that it collects and to refer it to Sir Les Elton, and if there are problems to try to address them in any way that we can. If there are matters that require primary legislation, we will have to wait for a legislative opportunity, but for those that do not require such change we will be happy to deal with them if there is evidence that that is required.

Mr. Richard Benyon (Newbury) (Con): In the year of the volunteer, does the Minister understand that bureaucracy like this is driving people away from doing important voluntary acts such as being on a village hall committee? It is not that these people have nothing else to do with their time—they really want to do something good for their community, but this sort of thing is stopping them volunteering.

James Purnell: We completely support and appreciate the work that is done by volunteers across the country, including in village halls. When I met ACRE representatives today, it was clear that many village halls have successfully applied for licences and that many welcome the extra flexibility that they will get, just as pubs welcome it. However, we recognise that some village halls would rather not take out a licence and would prefer us to increase the number of temporary events notices, or TENs. We do not rule that out, but it would need to be carefully considered. During the Bill's passage through Parliament, we increased the number of TENs from five to 12. It is worth noting that that regime is extremely deregulatory. Essentially, it allows the applicant to put on an event that can last for up to 36 hours without anybody being able to object apart from the police, who can do so only on the grounds of law and order. In effect, people can run events without any closing time and with no opportunity for the local community to make representations. If we accepted the suggestion of the right hon. Member for Maidenhead, we would effectively have 30 of those events happening in any of our constituencies during the year, and they would not be confined to village halls—they could be in pubs or anywhere else. If we did that without properly considering the evidence, our constituents might be rightly concerned that we had gone too far in the direction of allowing flexible drinking.

However, we do not rule out moving on the issue of TENs, and we are happy to look at submissions on that over the summer when we consult on regulations for the TENs regime. We will also be happy to consider whether there are particular ways in which individual categories of licensees can have the regime apply to them in a different way.

Mr. Nick Herbert (Arundel and South Downs) (Con): Does the Minister accept that this problem extends not only to village halls and temporary events but to small village shops? These are small shops, not areas where there is a problem of binge drinking. One in my constituency is only just being maintained by the actions of villagers. It is having to subscribe a very large sum of money in payment to consultants to help it to fill in forms. The village shop is confronting a permanent problem that will not be addressed by the measures that he is suggesting.

James Purnell: I do not want to test the patience of the House by going on too long. I think that the hon. Gentleman's village shop would be able to apply for mandatory rate relief, which should save it a significant amount more than the cost of the annual licence. We understand the vital role of village stores and have already tried to do what we can.

We will continue to consider the representations from ACRE. It agreed today to come on to our high-level group and to help us further with implementing the Act. Of course, we will continue to work with the Central Council of Physical Recreation, with carnivals, with working men's clubs, with circuses, with small village stores and with any other organisations that I may have failed to mention.

The next stage of implementing the Act will come after 6 August, when we will work closely with local authorities on processing what we recognise is a late surge of applications. We have agreed with them that we will institute a national helpline to help them with that and that we will have a further wave of advertising after 6 August specifically to target people who have failed to apply by that stage. I want to put on the record my thanks to all the council officers, officials and councillors who will work very hard over the summer; we are very grateful to them.

We have turned the corner. Applications are up. We have clear plans to target those who miss the 6 August deadline. We are working with local authorities to help them to process applications. We will continue to listen to individual sectors' concerns and to address them where we can. Implementing this radical reform was always going to be a challenge, but it is a challenge worth going for. This Act will be better for local communities, better at cracking down on the irresponsible minority, cheaper and more flexible for business, and better for the responsible majority. We should not be subject to curfew because of the problems that people have with the irresponsible minority. I believe that when we look back on this Act in one or two years' time, people will recognise that it is a much better framework of law than the one that we had. At that stage, we may even have the Conservatives coming up with a fourth position—that it was their idea all along.

8.19 pm

Mr. Don Foster (Bath) (LD): I believe that all hon. Members would like to congratulate the Under-Secretary on a sterling performance. He has been dealt an especially bad hand and he is doing his best to play it. However, hon. Members will have been astonished by the way in which he has done it. Throughout his speech, he acknowledged a range of problems with the Licensing Act 2003.

At a time when the Act is almost due to be implemented, a Minister stood before us and promised that he would continue to consult group after group—village halls, carnivals, circuses, small shops or anything that anyone cared to mention—about the various issues. He even told us that, during the summer, there would be consultation on the temporary events notices arrangements. I stress that all that relates to a measure that is already in force and is due to be effected on 24 November. I therefore congratulate the Under-Secretary on his willingness at least to listen to the

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concerns. The Government would have done well to listen to the concerns that hon. Members of all parties raised about this measure when the hon. Gentleman was not a part of it.

All hon. Members will acknowledge that we have a serious problem of binge drinking. I mention that because the Under-Secretary wanted me to deal with his anxiety about our position. In a recent parliamentary question, I asked about the increase in violent offences connected with licensed premises. In the past 12 months alone, the figure has increased by 15 per cent., so that a staggering 50,000 such offences were committed in England and Wales in the past year. Recent figures show that admissions to accident and emergency departments resulting from alcohol abuse are now a staggering 25,000. A parliamentary question from my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) elicited the response that, in the past 12 months, there has been an increase of 18.5 per cent. in alcohol-related deaths. We are storing up a huge problem. According to the Government's figures, 44 per cent. of 18 to 24-year-olds binge-drink at least once a month. Again from the Government's figures, we know that binge drinking costs our society more than £20 billion a year.

What has been the Government's response to that? They were elected in 1997 and it took them six years to devise their alcohol harm reduction strategy. In that time, 240,000 people died from alcohol abuse. It took until last year for the Prime Minister to acknowledge that binge drinking was a British disease. The Government did not consider existing legislation to ascertain whether it could help to tackle the problem. Legislation exists to prosecute landlords for allowing drunken or riotous behaviour on their premises. Since 1997, when the Government came to power, there has been an average of only 11 prosecutions a year. That shows how little use is made of existing legislation.

Legislation also exists to prevent people from buying drinks for others who are clearly drunk. Yet how many prosecutions have been brought since 1997? The answer is a grand total of 12—and in 2000 or 2001, none were brought.

Meg Hillier *rose—*

Jonathan Shaw *rose—*

Chris Ruane (Vale of Clwyd) (Lab) *rose—*

Mr. Foster: I shall give way to all three hon. Members shortly. I simply want to make it clear that legislation exists to deal with some of the problems. The Government introduced a new measure—in the Criminal Justice Act 2001—to tackle the problem. It provides that it is an offence if an employee as well as the landlord serves alcohol to someone who is behaving drunkenly. The Under-Secretary will be interested to know that, since the measure was introduced, not one successful prosecution has been brought.

Meg Hillier: In the hon. Gentleman's litany of criticism, will he acknowledge that the Government have allowed local people to have a say in licensing in their area and to approach their democratically elected representatives about the licences? Surely he can at least acknowledge that that is a good step forward.

Mr. Foster: I am delighted that the hon. Lady believes that the Bill does that. However, people in my constituency—and, I suspect, in hers—would say that that is not the case. In the majority of cases, we have the ludicrous position whereby a local councillor, who represents an area where there are public houses, cannot get involved in the deliberations about the licensing of a specific pub. Local representatives cannot get involved. As I shall show shortly, special saturation polices, which were introduced at the last minute to help local communities, are a complete mess. I am being polite.

Jonathan Shaw: The hon. Gentleman recited statistics relating to death and incidents involving binge drinking. He also talked about his local community. Is he still in favour of 16-year-olds buying alcohol and drinking? Does he believe that the people of Bath would think that was a good idea?

Mr. Foster: No, I hope those people would not. The hon. Gentleman is picking up a hoary old story, but, if he wishes, I shall respond. We believe that, over time, we should move the age of majority for many events to 16. We have also made it clear that, in the current climate of binge drinking, it would be irresponsible to do what the hon. Gentleman suggests.

Chris Ruane: The hon. Gentleman uses the term "binge drinking". Will he enlighten the House about the number of units that would qualify one to be a binge drinker?

Mr. Foster: Instead of spending much time on that, I refer the hon. Gentleman to a good publication that he will have received in the past couple of days from the Parliamentary Office of Science and Technology. It provides a good definition. I shall not read it out but it is in Box 1 and he can read it.

Since I have an opportunity to refer to that document, let me consider whether, in this country's climate of binge drinking, the measure that has been passed but not yet implemented will be beneficial. On the police, whom the Under-Secretary mentioned, the document states:

> "The changes to licensing laws have been widely criticised by scientists, clinicians and the Police."

Leaving that and the reference to the recent conclusions of the Home Affairs Committee aside, I draw attention to the expert advice of the Science and Technology Committee. It bears reading precisely. It states:

> "Central to this debate is the issue of whether or not increasing access to alcohol will lead to a rise in consumption. Experience from various countries around the world is mixed. For instance, in Perth, Western Australia, an extension of bar opening times from midnight until 1 am led to a rise in alcohol consumption, violence and drunkenness. Similar effects have been reported in Iceland, Ireland and Canada, while a reduction in licensing hours in Norway, Finland and Sweden led a decrease of alcohol consumption among heavy drinkers."

But then it quite fairly puts the other side of the argument, saying:

"On the other hand, availability of alcohol in many Mediterranean countries is not restricted and yet those countries are not affected by binge drinking on the scale seen in the UK. Overall, it appears that the prevailing drinking culture is a key factor in determining consumption patterns."

Crucially, it goes on to say:

"In those countries with a well established binge drinking culture, increasing access to alcohol has led to increased consumption."

It would be absolutely crazy to press ahead with this legislation without first having put in place measures to tackle binge drinking.

Alistair Burt: The hon. Gentleman was rather cheekily challenged on his party's attitude to binge drinking. Might not that intervention have had rather more force had not one of No. 10's policy advisers, Miss Casey, given a rather different interpretation of binge drinking last week? It ill becomes Labour Members to take up that issue tonight before there has been a full recantation of such views by such an important adviser.

Mr. Foster: The hon. Gentleman makes his point eloquently.

Mark Pritchard (The Wrekin) (Con): Does the hon. Gentleman agree that, although the Government are obsessed with public research, they are ignoring their own research into public opinion, which shows that the country is not with the Government on this issue? The country does not want an extension of licensing hours. Market towns such as Newport, Shifnal and Albrighton in my constituency see the after-effects of binge drinking on Thursday, Friday and Saturday nights.

Mr. Foster: The hon. Gentleman is largely right. However, I suspect that his constituents, like mine, will welcome some aspects of the Licensing Act, such as the increased powers of the police to take action against bad behaviour in pubs and clubs. Some people might, in certain circumstances, welcome the flexibility that the Act provides, but there are many other aspects about which people are rightly concerned.

I do not wish to repeat the points made by the right hon. Member for Maidenhead (Mrs. May), who identified a large number of problems relating to the Act. I merely wish to add a few more to the list, so that the Minister can explain, to the House and to anyone else who might be interested, how we got into a situation in which the Government have introduced legislation that is frankly a complete and utter Horlicks from beginning to end.

For example, the Act provides for an escalator for the fees charged for big pubs in town centres where there are problems. That is fine—we understand the "polluter pays" principle—but why will nightclubs not have to pay an escalating fee as well? Nightclubs contribute equally to the problem in many of our town centres, yet they will get away scot-free. That simply does not make sense. Why will pubs have to pay £1,200 for the first year and £700 in subsequent years, when nightclubs will pay nothing? We know the answer. The legislation defined nightclubs as not being primarily for the sale of alcohol. The Government should have spotted that and done something about it.

At Question Time yesterday, I raised the issue of a special saturation policy. Surely the Minister must acknowledge that only about one in five local authorities have availed themselves of what might have been a good opportunity for local communities to control problems in their locality, because, as Andrew McNeill, the director of the Institute of Alcohol Studies says,

"it's going to be a legal minefield".

We need a solution to that problem.

The right hon. Member for Maidenhead and the Minister have talked about a late surge in applications. Has it not occurred to the Minister why there is a late surge? It is because of the way in which the Act is framed. It says, bizarrely, that if someone applied for their new licence on the first named day, back on 7 February, they would next have to pay for their renewed licence on 7 February next year. However, if they delay applying for their licence for as long as possible, they will not have to pay for their renewed licence until very much later. So there is a perverse incentive for people to delay their applications, and it should come as no surprise that that is what pubs and clubs are doing.

The hon. Member for Mid-Worcestershire (Peter Luff) is not in his place at the moment, but I know that he is particularly exercised about this aspect of the Act. He had a debate on the subject in Westminster Hall on 2 June, during which I intervened on the Minister and asked him to explain a number of potential anomalies in the legislation. I should like to give the Minister the opportunity to do that tonight, because he has now had more than a month to work out his answers.

Can the Minister tell me whether the licensee of a hotel will breach the Licensing Act if a 16-year-old is left by themselves in a room in that hotel that has a mini-bar? Hoteliers are concerned to know. Clearly, after a month, the hon. Gentleman still does not know. I shall try again with another point. Is it illegal for a 16-year-old to go into a supermarket between midnight and 5 am to buy a loaf of bread, if that supermarket is selling alcohol?

James Purnell: That is perfectly legal, and on the hon. Gentleman's other point, we have no policy objective of making that illegal either, so both those points are distractions.

Mr. Foster: The question is not whether that is a policy objective but whether the legislation makes it illegal or not. Can the Minister tell us whether it is legal in relation to the hotel?

James Purnell *indicated assent.*

Mr. Foster: It is legal. Good. Many people will be delighted to know that we have an answer. Equally, however, many questions remain unanswered.

In relation to the point raised by my hon. Friend the Member for Somerton and Frome (Mr. Heath) about carnivals, the Minister has said that the Government will look into his helpful suggestion. The Minister should be aware, however, that under the current legislation a float in a carnival can legally go ahead and not require a licence, but the marching band coming

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behind the float is likely to be in breach of the legislation, which is why carnivals, which are often hybrids of floats and marching bands, are so concerned.

The Minister agreed to look into the issue of circuses, but we still do not have clear answers. He has also agreed to look into the issue of village and community halls, but again we do not have clear examples. In relation to temporary event notices, he says that consultation on the details has not even started, and he said interestingly today that the number of events in a particular village or community hall will be considered before such a temporary event notice will be given, which will be welcomed by the House.

The Government have also made a Horlicks in their failure to do much about the legislation once they got it through Parliament. The Minister has only recently been on his grand tour, having all his press conferences, having photographs taken and sending out leaflets. It was far, far too late. The Government must take much of the blame for the low take-up, not only because of the fee structure but because of the failure to publicise the legislation.

Is the Minister aware of the problem in respect of theatres? We are told of a figure of 33 per cent. overall, but I have evidence that only 10 per cent. of theatres have so far applied. Will he advertise to them the need to do something? Why are so many parent-teacher associations, individual schools and others still applying in their droves to magistrates courts for licences for events that will take place after 24 November? Clearly, they have not yet been told that they need to do something differently.

Why have local authorities, which were abiding by the guidance issued by the Department, only recently started to be slightly more flexible about whether they can accept application forms in the wrong colour ink? Many application forms have been rejected because they are in the wrong red ink. At long last, the Department has said that local authorities should forget the guidance that it issued, and that it was perhaps a bit over the top. *[Interruption.]* That is true, and the Minister should be aware of it.

All that is not surprising, because everything was done so late in the day. The fee regulations were published on 20 January this year, only two weeks before the first appointed day, 7 February. Interestingly, as Members will know, the House did not get round to debating the fee regulations until 23 February, long after the first appointed day, which incidentally is in clear breach of the parliamentary 21-day protocol.

Delay in respect of the pub use class orders also raises issues. We were told that pubs were going to be made a single class order. A press release issued on behalf of the then Minister for Housing and Planning on 27 November 2003, was entitled, "Hill calls time on high street blight". But when was legislation brought before the House? As we know, the Government acted 14 months later, on 21 January 2005, and yet there is clear evidence that in the intervening period there was a huge upsurge in the number of pubs and clubs on our high streets, the competition between which drove down the price of drinks and led to the development of the happy-hour culture.

I genuinely believe, and I say to the Minister, that there is no evidence to suggest that the Act will help deal with binge drinking. It is clear that it is extremely uncertain that it will. It would therefore be sensible to delay implementation. The Government could and should be doing a number of things, such as providing for better labelling of alcoholic drinks, more funds for treatment of alcohol abuse and improved alcohol education in our schools—and what about at least giving the House some benchmark statistics to enable us to judge whether the Act, if implemented, will have led to the improvements that the Minister has claimed for it? We have seen no evidence of the Government's willingness even to consider producing agreed figures of that kind.

We also need to know about a minimum price policy. At present there is total confusion over the ruling of the Office of Fair Trading on whether local authorities have power to set a minimum price for drinks.

The Act was rushed through, not as a result of a desire to deal with binge drinking but to pander to the youth vote, as we know from the infamous text message

"Cldnt give a XXXX for last orders? Vote Labour for xtra time."

We know why the legislation was introduced. It was not introduced to address the issues of binge drinking. It was introduced in haste, without thought. Indeed, as the Minister said, the Government are still thinking about it now. It is full of problems, and is causing a great deal of difficulty to a great many people. It would be far better to concentrate on some of the other measures that could deal with binge drinking before implementing the Licensing Act.

Mr. Robert Walter (North Dorset) (Con): On a point of order, Madam Deputy Speaker. For about half an hour this evening, Members and Peers were prevented from entering the building while the House was sitting. If the sitting had been suspended or the building had been evacuated, that would have been a legitimate reason for refusing entry. However, if it is the Metropolitan Police Commissioner who, in contravention of the Sessional Orders, has prevented Members from entering, may I ask for Mr. Speaker to request the Home Secretary to come and make a statement to the House? I believe that that is a serious contempt of Parliament and know of no constitutional precedent for Members being refused entry while the House is in session.

Madam Deputy Speaker (Sylvia Heal): I understand that what the hon. Gentleman says about access is true. Whatever has been done will have been done with the knowledge and under the direction of Mr. Speaker.

8.42 pm

Mr. David Clelland (Tyne Bridge) (Lab): What we need are more flexible opening hours, and that is one welcome aspect of the Act. Flexible opening hours will certainly be a big improvement on the current position. Few if any establishments will want to open for 24 hours. Indeed, I think the Minister confirmed that none had applied to do so. A more flexible system to replace a single chucking-out time will probably lead to a more staggered leaving of pubs and clubs—if that is the right term to use in this context. It would not work

if some pubs closed at 1 am, some at 2 am and some at 3 am, because people would simply move from one to another, but I think that the later such establishments stay open, the more likely people are to disperse gradually. The current thinking of the Tyneside police is that the appropriate time is 3 am. I do not know whether that is the case, but it is probably about right.

The Act will be an improvement on the current system because of that greater flexibility and because there will be a single licence rather than the six for which people must often apply nowadays. After the initial registration, there will be less red tape. The Act will also bring more local control and more consideration of the needs of local communities.

Mr. Charles Walker (Broxbourne) (Con): Given the concerns of many chief constables, might it not have been better to trial the arrangements in certain towns to establish whether they would indeed reduce binge drinking and the violence that results from it?

Mr. Clelland: So far as I am aware, this proposal has been trialled throughout Europe, and notably in Scotland, for many years. The experience is that flexible opening does lead to less binge drinking and to less trouble on the streets.

The Act will also give local representatives more power to control licensed premises in their area in the interests of the local community, and to tailor activities and opening hours accordingly. For instance, local authorities might treat pubs and clubs on housing estates differently from those in city centres. But there is no doubt that implementation has led to some problems and I hope that the Minister will look again at how some of them might be alleviated. I do not share in the doom and gloom and cries of "Chaos!" from Opposition Members, but there are some issues that need to be addressed.

Last week, I had the honour to be elected joint chair of the all-party group on non-profit-making members' clubs. There are more than 5,000 of these private clubs throughout the country, and they are covered by the Working Men's Club and Institute Union and the Committee of Registered Clubs' Associations. Such clubs include working men's clubs, Royal British Legion clubs, RAF clubs, and Labour, Conservative and Liberal clubs. They are run for, and by, the members themselves. The members elect the committees and the committees elect the secretaries. They do not have the resources or the professional expertise of the big organisations. They are run by—dare I say it?—amateurs, although often very professionally. Some do have full-time secretaries, but they are not the professionals whom we expect to see in the big organisations.

There is no doubt that many club secretaries have found filling in the 18-page form daunting. I agree with the right hon. Member for Maidenhead (Mrs. May)—that does not happen often—that, regardless of the number of boxes that club secretaries eventually need to tick, they still have to read the entire form to decide which need to be ticked and which do not. I spoke to one of my local club secretaries—a very intelligent man who runs an excellent club—as recently as last Saturday, and on first receiving the form, he found it daunting and put it away in a drawer. On looking at it carefully some time later, he discovered that it was not as daunting as he first thought. On the other hand, club secretaries are often elderly and not necessarily computer literate. They have found dealing with these issues difficult, which may explain why less than 25 per cent. of clubs have returned their applications to date. Of course, the rate of return is increasing as 6 August appears on the horizon, but that in itself could cause problems as local authorities struggle to deal with an avalanche of applications. The Minister will doubtless want, as he has said, to stick to the deadline, but it is obvious that there will have to be some flexibility.

I am afraid to say that there has also been a considerable increase in the associated costs for clubs. A £16 licence will now cost £190, and to that must be added the cost of solicitors. The right hon. Member for Maidenhead said that solicitors have a licence to print money, but they have never needed a licence—they do it without one. Architects' plans are very expensive and we should also consider the cost of advertising. Some newspapers have capitalised on the situation by doubling the cost of such advertising. Clubs are having to fork out as much as £1,000—that is not an unusual sum—to comply with the administration associated with this legislation, so this is a problem. The Minister said that the legislation will save the industry some £2 million a year, but it will not save working men's clubs and non-profit making members' clubs that sort of money. They do not make a profit, so the extra costs will have to fall on the members.

On Monday, I asked the Minister whether he would include a representative of clubs on the licensing fees review panel, which Sir Les Elton will chair. The fee structure is a very important issue for clubs, so I hope that he will look at it and that more can be done to help clubs through that vehicle. Will he also look at the way in which local authorities are handling this matter? There is evidence to suggest that some councils and some police forces are pressurising clubs into applying for a premises licence, rather than the club premises certificate. That might make matters easier for local authorities and the police, but it will not be advantageous to clubs. They would be well advised not to take that course and to stick to the premises certificate.

There are some advantages for clubs in the new legislation. One is that they will be able to hold up to 12 special events in which non-members can participate without having to apply each time for a special licence. That will apply to weddings, christenings, birthdays and so forth and is to be welcomed. That was the intention. However, we now find that some local authorities take the view that if "The Dog and Duck" darts team visits the local club for a game of darts, that represents one of those special events. If that happens, all the special events in most clubs will be taken up in the first month, which I am sure is not what the Minister intended. I hope that he will look further into the problem and ensure that local authorities are advised that that is not the intention behind the Act.

In its operation, once up and running, the Act will be an improvement on the legislation that it replaces. It contains many welcome provisions and will make for a more flexible and less bureaucratic system. However, for whatever reason, it is causing initial difficulties and

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could lead to some smaller clubs and organisations losing their rights to trade after 24 November. I realise that that is not what Ministers want or intend and, with a little readjustment and a little rethinking, I am sure that the problems can be overcome.

8.51 pm

Sir Paul Beresford (Mole Valley) (Con): My right hon. Friend the Member for Maidenhead (Mrs. May) provided us with a long list of complainants and most of the complaints also apply to my constituency. However, I want to focus on one particular aspect—village halls. The Prime Minister gave us a glimmer of hope, and the Leader of the House a faint glimmer of hope the next day, but I have to say that, in a Westminster Hall debate, the Minister brushed aside village halls in about five words. He seems to be a little more amenable this evening. I rather hope that we can secure much more rapid progress than he suggested in his opening speech.

As I mentioned in an intervention during the Westminster Hall debate, my constituency has about 32 villages, almost all of which have halls as well as churches that also have halls. I estimate a total of about 50 such halls in my constituency.

I cannot remember receiving so much vitriolic correspondence from so many people as I have received in connection with these halls. I would like to present to the Minister a few extracts from those letters. People from the Leigh village hall, for example, justly proclaimed that the hall was

"a central component of village life, providing the premises in which many activities are pursued. It is managed and maintained by a group of very publicly-spirited villagers, who give considerable time and effort to ensure it is always available as a clean"

and attractive venue. They are deeply concerned about the new regulations and the fees, which they believe are already discouraging their voluntary helpers. It is, they state,

"the antithesis of proclaimed government intent to support and reinvigorate rural communities such as Leigh."

Their point is that people living in rural areas who

"give up their time, on a voluntary basis, to support their village hall"

after returning home from work in the evenings or on Saturday and Sunday mornings

"are alarmed at encroaching regulation, which makes it increasingly difficult to sustain their hall",

which plays an "essential part" of village life.

Another example is from people associated with the Beare Green village hall. I shall pick out just a few points from a very long letter. The letter explains that the hall has been sustained up to now on the basis of making a tiny profit from each event. It runs a number of events and views a good profit as £100. Presently, six event licences cost £10 in total, but under the new regime, each temporary event notice licence will cost £21, putting the total up to £126, which obliterates more than the profit from one event.

A letter from Ripley village hall states:

"The appointment of a Premises Supervisor will be virtually impossible due to the unreasonable burdens placed upon the position."

Another example comes from one of my tiniest villages with a tiny hall. Thus, Holmbury St. Mary

"would like to emphasise that for small, multi-use halls such as ours, which are run entirely by volunteers for a local rural community, this new Act is a nightmare. The paperwork is oppressive whilst the limit of only 12 functions per year at which alcohol can be present is far too small."

Thirty is the number that it would like.

I am aware that some of my hon. Friends want to add to my comments, so I shall be prompt. Essentially, under the new regime, people associated with my village halls feel that there is excessive bureaucracy. They have to produce plans, but they are not clear why they are required. Some have felt the need, as mentioned earlier, to consult lawyers and they are also required to produce an operating schedule—whatever that is for these tiny little halls.

Generally, each of these little village halls is run by a small group of people who are bullied and cajoled into serving. No one wants to be the designated licence holder. All the people to whom I have spoken think it ludicrous that the temporary event notice licence has been set at one dozen, and most would like the limit to be three or four dozen. Moreover, all of them feel that the fees are far too high, especially given the minimal profit—if any—that the halls make. The House must bear it in mind that most village halls are run for the community, not for profit.

Some positive points have been made in the debate. I hope that the Minister will take them forward, and that he will do so quickly, as village halls that do not break even will close and never open again. I am tempted to suggest that Ministers might consider setting a de minimis level for some of the very small halls. Such halls serve very small communities and are run by a very few people, and they could easily fall below the de minimis level.

In such cases, there is clearly a need for a dramatic reduction in the fees. I hope that the Minister will consider changing the thinking behind the Act slightly and introducing the concept of personal licence holders for temporary events. Under that proposal, the person running an event would apply for a licence, at the previous level of £10. He or she would take responsibility for the event, with the result that the hall would not have to provide a person who would be personally responsible.

Local halls are vital in rural areas such as mine. Surrey is full of such halls, and they are of enormous value. Events such as Guy Fawkes night, Christmas and new year's eve will be on us soon, and the House must remember that local halls also present film evenings, opera sessions and so on. Although he does not come from a rural area, I hope that the Minister will accept that they play a very important role. We must save our village halls but, if it is not changed, this Act will destroy them.

8.57 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I rise to support the amendment and oppose the motion. The somewhat apocalyptic opening speech by the right hon. Member for Maidenhead (Mrs. May) did

not do justice to the real issues in this matter. In contrast, the hon. Member for Mole Valley (Sir Paul Beresford) gave a much clearer demonstration of the genuine difficulties and offered a much more constructive approach to dealing with them.

The right hon. Member for Maidenhead presented an apocalyptic vision of what local communities would be like after 24 November, with thousands of desperate drinkers milling around the streets looking for a bar that was open and congratulating those publicans who had managed to surmount the bureaucratic obstacles placed in their way by the Government. Similarly, I could imagine the heroes of my local Wednesbury rugby club turning up for after-match celebrations based on sandwiches and diet Coke. Again, according to the hon. Lady, toddlers and mothers would be crying in the street because they could not hold sessions for young people in halls and clubs whose locked doors bore the notice, "Closed Due to Government Bureaucracy".

I do not want to pour scorn on the genuine problems that people have raised, but overstating the case does the argument against the Act little good. I trawled through my memory for complaints that I had received about the legislation and recalled that, when the idea was first mooted 18 months ago, one sports club told me that it was worried that its bar might be priced out of activity. However, since the publication of the fees and the various regulations, I have received no correspondence whatever on the matter.

I have received correspondence from any number of my electors about nuisance from pubs, about antisocial behaviour generated by binge drinking youths and about clubs and publicans who were not prepared to recognise the legitimate concern of their neighbours about noise nuisance. I do not want to stigmatise the whole profession, because some publicans are responsible and are concerned about their locality and operate in a way that is compatible with good relations; none the less, there is substantial concern about the antisocial behaviour that is often associated with drinking.

The Act was passed in July 2003, so, by 24 November, people will have had two years and five months to apply for a licence and to get acquainted with the Act's provisions. The Government have not been passive. The Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Stalybridge and Hyde (James Purnell), who is not in the Chamber at present, listed the activities in which he has been involved to promote the legislation and the need to apply for a licence.

Mr. Philip Dunne (Ludlow) (Con): It is only fair to point out that, in most local authority areas, the forms and guidance for applying for the new licences have been available only since the beginning of April, not two and a half years as the hon. Gentleman suggested.

Mr. Bailey: No, but the hon. Gentleman overlooks the fact that there was debate with the industry and trade associations long before that. They were involved in drafting the regulations and the form from August 2004 until their publication in January or February 2005. They have had plenty of opportunity to become acquainted with the legislation and to understand the application process before the licences were available.

David Lepper (Brighton, Pavilion) (Lab/Co-op): When the actions that the Minister spoke about earlier are supplemented locally by a proactive local authority, we can see the results. In my local authority, Brighton and Hove city council, until the beginning of last week, 78 per cent. of the premises expected to apply for a new licence had done so and more did so at the beginning of the week—I declare a non-registerable interest, as I have done before, as my wife is chair of its licensing committee. National action coupled with a proactive local licensing authority, offering support to the trade, can pay off. Does my hon. Friend agree?

Mr. Bailey: I most certainly agree. Indeed, my hon. Friend has just taken the next section of my speech from me.

When I consulted my local authority, Sandwell metropolitan borough council, it was clear that it saw no problem. It has engaged in a consultation and advisory exercise with people who were affected by the legislation locally. The authority anticipates being able to meet demand for applications from would-be licensees and has said that, if it is necessary for staff to work long, extra hours to get the licences through in time, they will do so. It reflects well on the local authority and emphasises the point made by my hon. Friend. With a proactive Government and a proactive local authority, the difficulties can be overcome.

My hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw) mentioned the kebab trade association, and that is an area of concern. In Sandwell, we have 23 kebab sellers, not one of which has as yet applied for the licence. I make a public offer to the Minister—unfortunately he is not in his place, but I am sure that his colleague will convey it to him—to come to Sandwell and share a kebab at one of our magnificent local culinary establishments to promote the need to license them. I assure him of a warm welcome.

Chris Bunne: What role does my hon. Friend feel that an MP can play in raising the issue of licensing in his constituency?

Mr. Bailey: That is a good point. For a start, they can speak in the Chamber to advertise the issue. I shall certainly ensure that my press release goes out to emphasise the point. When MPs know, after consultation with the local authority, that certain groups of licensees have not yet engaged with the process, they have an obligation to ensure that those people are informed of the need for a licence. We should do everything in our power to promote the new procedure.

I note that the Opposition want to extend the deadline for the submission of applications, but I seriously caution against that. Whatever deadlines are set, some people—for a variety of reasons—will not meet them. Penalties accrue if people do not return their tax forms, but some still fail to do so. If we put back the deadlines, the danger is that it will send the wrong messages to people. The Government have already had one of the longest possible consultation periods and extended the deadline already. A further extension would send the message that there is not much pressure on applicants to send in their forms, and that would be counter-productive. Selling alcohol is a serious professional

[Mr. Bailey]

responsibility. If people wish to sell alcohol in our local communities but cannot—after the whole process we have been through—get an application in on time, it raises serious questions about whether they should be allowed to do so.

My greatest concern is that, if we postpone the deadlines, we would also postpone all the other aspects of the legislation to deal with drunken and antisocial behaviour, including possible enforced closures and increased fines, which the public want. The Opposition's argument is that, because some difficulties have been experienced with the applications and fees from the licences, the whole raft of benefits from the legislation—which the majority of the public desperately want—should be postponed. That is not a credible position.

The Act is deregulatory, which the Opposition say they favour. It is cost-effective and, in the long run, will be simpler for those involved. Above all, it provides much needed associated provisions that would deal with the social problems that plague us day in and day out. I therefore support the Government's position on the legislation.

9.9 pm

Alistair Burt (North-East Bedfordshire) (Con): I am delighted to follow the hon. Member for West Bromwich, West (Mr. Bailey). I am pleased that, in his considered opinion, he thinks that the measure is deregulatory. I invite him to spend some time with Mr. Rodney Tate, chairman of the Swineshead village hall management committee, to whom I shall refer again later, who spent at least a week of his life dealing with the complexities of the 2003 Act, so that he can discuss his view of its deregulatory nature. I am not sure whether that meeting should take place at the village hall or in the kebab shop, but perhaps they could come to an accommodation there.

I shall do my best to be brief, as other hon. Members want to speak and an awful lot has been said already. I wish to tell the Minister that I revert to my usual position, which is that very few items of legislation are wholly bad or wholly good. I put the point to him that I put to the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Stalybridge and Hyde (James Purnell): Conservative Members' complaint is that all the evidence suggests that certain aspects of the legislation are defective and possibly highly damaging. What we seek on behalf of our constituents is a review of those items that are most damaging.

I am not persuaded by what the Minister said, when he suggested that, because of his meeting with ACRE this afternoon, the concerns of village halls have been well taken into account during the consultation procedure. Hon. Members with village halls in their constituencies know that those representing village halls have been engaged in an active national campaign for months to draw the attention of the Minister and the Government to their concerns. An eleventh-hour meeting shortly before the Act is implemented is hardly evidence of consultation or good faith.

I was not particularly taken in by that suggestion; nor was I particularly convinced by the fact that the matters in the Minister's remit about which he could take quick and urgent decisions were being referred to Sir Les for adjudication. It is unfortunate, of course, that the very mention of Sir Les brings to all our minds the great Sir Les Patterson, as personified by Barry Humphries, who knew so much about the cultural delights of alcohol that he was made the cultural attaché to the Court of St. James's. I know that this Sir Les is not the same one, but I think that he will live in our minds because of that very identification.

I wish to refer briefly to the efforts made by my constituent, Rodney Tate, who has been engaged in long correspondence with both newspapers and others to set out the problems. I pay tribute to him. Like my hon. Friend the Member for Mole Valley (Sir Paul Beresford), I am picking out one example—I could pick out many more, as there are 54 parish councils, well over 70 villages and a lot of village halls in my constituency. Rodney's criticisms are shared by a good number of others. I am grateful to Sue Norman of the Bedfordshire Rural Communities Charity, who has also been very active on behalf of village halls, which she loves and promotes. She shares with many others genuine concerns about the legislation's impact.

Rodney has been mentioned before in a previous speech as bringing the House up to date about these concerns. Swineshead is a village with 125 people in the northern part of North-East Bedfordshire. It has no pub—the pub closed about 10 years ago—and no shop. An active village hall committee is absolutely vital to the village's well-being. Profits are modest and are used to benefit the village, so the taking away of any profits in extra bureaucracy makes a substantial difference.

Notwithstanding the review that is sent to Sir Les, I ask the Minister to pay urgent and immediate attention to issues that relate to cost in the first instance. The village hall's direct licensing costs this year will increase from £10 per annum to £240. As my right hon. Friend the Member for Maidenhead (Mrs. May) mentioned, the annual renewal charge will be £70 for that village hall. Villagers can think of better uses for that hard-raised money than spending it on those extra costs.

The excessive bureaucracy was somewhat dismissed by the hon. Member for West Bromwich, West, but Mr. Tate tells us that he has spent a total of a week on seminars, form filling and correspondence. He draws attention to the fact that thousands of on-licence premises now need to apply for a variation of their new premises licences so that they can retain the extended opening hours over bank holiday weekends that were previously granted by magistrates' block extensions. As the hon. Member for Tyne Bridge (Mr. Clelland) said in his good and measured speech, that leads to extra fees, advertisements and notices to official bodies, so there is more bureaucracy to do something that is currently achieved with little fuss.

When the Minister conducts his review, will he consider the different interpretations of the Act by local authorities that is leading to different levels of fees being charged in otherwise similar circumstances? The duties of designated premises supervisors has again been raised because their onerous nature is driving people away from volunteering to do that important social job in their villages.

Additionally, individuals need to be trained to get a personal licence. Mr. Tate tells me that such training costs about £150, but the training needed for the licence

holder at Swineshead village hall gives him the power to be the licence holder at much bigger premises, such as a town-centre pub. There is no correlation between the two roles, so the licence is being used inappropriately. It is ridiculous to train someone in a village hall in all the techniques required to run a big city-centre pub.

Mr. Walker: Will my hon. Friend tell the House how many times the police have been called to Swineshead village hall to deal with disturbances over the past decade?

Alistair Burt: My postbag is remarkably silent about that. Scratching my head, I suspect that the answer is between nil and one, but I shall let the House know if that turns out to be wrong. My hon. Friend makes a fair point.

Mr. Tate was recently required to adhere to special conditions of the public entertainment licence that is now required at Swineshead village hall. Condition 3 said that by 31 March 2006, the village hall had to

"arrange for and maintain at least one Senior Member of staff"—

Mr. Tate does not have any members of staff—

"to be the holder of the British Institute of InnKeeping Awarding Body's ... National Certificate for Entertainment Licensees."

That seems to be rather unnecessary, as Mr. Tate pointed out in his letter to the local authority.

Another special condition has caused even greater concern in Swineshead. Bedford borough council's special condition 8 told the people of Swineshead:

"There shall be no provision of lap, pole, table or podium dancing or similar style dancing or striptease without prior written consent of the Service Manager (Registration and Administration). This Licence does not constitute such written consent."

Mr. Tate was proper enough to respond to the borough council. He wrote:

"Condition 8 seems wholly inappropriate for a small rural village hall, but since we should never wish to engage in the banned practices, we should not object to this condition."

I merely point out to the House the nonsense of such a condition even being suggested to a village hall, notwithstanding the fact that now that I have publicised it, I might be inundated with letters from the good people from Swineshead who perhaps do not agree with their chairman's quick approach on such a condition.

I shall rest my case. Conservative Members have tried to suggest that elements of the Act are nonsense for village halls. Despite the humour that some objections have caused, the serious point is exactly that raised by my hon. Friend the Member for Mole Valley. The people who run village halls are volunteers, so the burden of their paperwork will be onerous. The money taken out of village halls due to bureaucracy will be lost to communities.

People genuinely fear that damage will be caused. This is not scaremongering; it is real for those who have been campaigning on the matter for a long time. If the Minister and his colleagues can encourage Sir Les to conduct a rapid review of the circumstances and make some concessions for village halls, perhaps the Bill's good aspects will not be swept away with concerns about the bad.

9.20 pm

Mr. John Grogan (Selby) (Lab): It is a great pleasure to follow the hon. Member for North-East Bedfordshire (Alistair Burt), who put his case in his usual measured way. I feel I now know everything there is to know about Swineshead, and am all the better for it. I can boast more villages in my constituency than he can. I have 88, many with pubs and village halls, and I am doing my bit to publicise the licensing laws by going around as many of them as I can.

I look forward immensely to 24 November. It will be a great day in our history when we finally sweep away the licensing laws, dating from Lloyd George and the first world war. At last, we will be able to go out and have a drink after going to the theatre or cinema and will not have to pay large amounts to go into a club environment. At last, when I am wandering around some of the 88 villages in my constituency and happen on a pub near to closing time that has its curtains drawn and is staying open after 11 o'clock, I will not have to leave as the Member of Parliament because it will be legal for well-run premises to stay open that late. As chairman of the all-party group on beer, it is almost worth throwing a party to celebrate that day when it comes.

I noticed two different approaches from the Opposition parties. The Liberal Democrats took a fundamental approach. Unlike some of my colleagues, I like Liberal Democrats. [HON. MEMBERS: "Oh!"] I do. Progressives are few and far between in North Yorkshire. It was once a completely blue county and we had many alliances. It is a cause of particular disappointment to me that the hon. Member for Bath (Mr. Foster) has gone back to the original Lloyd George position. The logic of his argument is that there should be no flexibility in opening hours. What would that do for binge drinking? People who go out under our current restrictive licensing laws are younger people. Our towns and city centres would remain dominated by them and they would have the same incentives to drink far too much far too quickly.

According to an incomplete survey by the all-party beer group, more than 2,000 licensed premises have applied for extended hours. They do not want 24-hour opening, but an extra hour or two on a Thursday, Friday or Saturday. Those premises have had no objections and the applications have gone through on the nod. The only controversial application that I have been involved in was for the Charles pub in Heslington village. It is a student pub with a long record of complaints of noise and nuisance, and the application was rejected.

I worry about the change in the Liberal Democrats' position. The hon. Gentleman said—I am sorry he is not in the Chamber to hear my little critique—that it is a pity that only a fifth of local councils have adopted the saturation clauses. Many rural districts do not have the problems of saturation of licensed premises that might be found in urban areas. It is not surprising that only a few of them have taken up that option.

I advise the hon. Gentleman to be careful in his choice of quotes. He called in aid the Institute of Alcohol Studies as part of his criticism. One of its main funding bodies is the UK Temperance Alliance, which approaches the debate in a certain way.

[Mr. John Grogan]

On village halls and sports clubs, the Minister has not done at all badly in recent weeks in grasping the issues quickly. Perhaps village hall and sports club secretaries are made of sterner stuff in Selby than they are in Surrey, but I have had only one letter on the subject. I do not mean to decry the seriousness of the subject. The one sports group that wrote to me is having to pay a £300 fee. On the other hand, it is getting £17,000 in rate relief from the Government. It is a large sports club. I worry more about the smaller sports clubs and some of the smaller village halls.

Some interesting ideas have been put to the Minister, such as basing rateable value on the size of the bar and extending somewhat the number of temporary event notices. However, until Sir Les Elton undertakes his study and takes his evidence, it will be difficult to judge the impact of raising the number of temporary event notices from 12 to 15. What difference would that make to village halls? How many village halls would that help? By bringing forward the initial study and the initial review by 12 months so that we have the report by November, I think that my hon. Friend the Minister is responding to criticisms that are real but can be exaggerated.

In the week that we won the Olympics, I hope that some of the London councils will now adopt a less churlish approach to the Act. The leader of Westminster city council has been quoted in a positive way. I am glad that he is beginning to recognise the potential for the development of London's entertainment sector in a safe way but also in an innovative way, now that councils have a say in licensing. We do not need a great structure of bureaucracy to implement the provisions in the Act in Westminster or in any of the London authorities, as health and safety and environment provisions are already very much in place. The fire authority is also in place, so those provisions do not need to be replicated.

We need, however, to get a night life in London that is fit for the Olympic games. One of the first meetings that I went to about licensing laws was held by an organisation called London First. It said that we would never get a great sporting event unless we had a safe and varied night life of which we could be proud. We have six or seven years to get that right.

The hon. Member for Bath has missed most of my critique, but as someone who went to Singapore and argued the case strongly for Britain, can he imagine having the Olympic games in London in 2012 without having some form of flexible opening hours? Will all the many visitors to London and all the many athletes, unlike in Athens last summer, have to go home at 11 pm? What a laughing stock we would be if that were the case.

9.27 pm

Hywel Williams (Caernarfon) (PC): I have a long-standing interest in the subject of the debate. My constituency was one of the very last in Wales to put an end to Sunday closing, which was one of the last gasps of specifically Welsh 19th century liberalism. As we used to say in my constituency, "If you want to drink on Sunday, you will have to wait until Monday."

I share with other Members serious concern about the hard-drinking culture that seems to be prevalent, particularly among young people. I represent a tourist area, and there are concerns about the effects of the Act on small bed-and-breakfast businesses. My particular concern, which I have taken up with the Minister before, relates to the unavailability of Welsh language application forms so close to the deadline of 6 August. This might be a small matter in the grand scheme of things but it is particularly important to my constituency and to other constituencies in Wales.

As I have said, I have discussed the matter with the Minister previously. I had a useful meeting with him, along with my hon. Friend the Member for Meirionnydd Nant Conwy (Mr. Llwyd) and others. I am glad that the Minister has moved from his initial position with reference to the non-production of Welsh language forms when he said:

"The decision was taken that as most of the applications would be processed in English, it would be better for them to be submitted in English".—[*Official Report*, 13 June 2005; Vol. 434, c. 8.]

That is decidedly not the case.

I raised a further question with him yesterday because the situation has moved on in that Conwy county borough council in north Wales has now produced Welsh versions of the prescribed English forms. These Welsh versions are not prescribed, and I take the point that the Minister has made that it will not now be possible to prescribe Welsh language forms for another three months or so. However, the Minister has indicated that the Government are willing for local authorities in Wales to use the Conwy translation for now. That is all right as far as it goes, but some local authorities worry that a precedent might be established. If central Government have not provided the appropriate Welsh language documents, those authorities fear that they may be expected to step in. I hope that the current circumstances are unique and that no such precedent has been set.

There are, however, further problems. Some local authorities may take the prudent view that they should not use forms that are not officially prescribed. Would they be liable if there were a dispute with an unsuccessful applicant, who could cite the fact that the Welsh forms that they used were not prescribed? More straightforwardly, who would be liable if there was a mistake in translation? Licensees might reasonably expect to use officially prescribed Welsh language forms and could be wary about using locally produced versions. Hon. Members may wonder how the situation has arisen and how the Government have got into a fix so close to the 6 August deadline. Essentially, the problems arise from a deficiency in the Welsh Language Act 1993, which provides for the publication of Welsh language schemes that provide guidance on the production of Welsh language material. It is surprising that, 12 years after the passage of the Act, the Department for Culture, Media and Sport has not prepared a Welsh language scheme. It has not been asked to do so, but I understand that it will now prepare such a scheme, which is most welcome.

Finally, on a positive note, the Minister will be glad to hear that subsequent to our discussions, my own local authority, Gwynedd county council will adopt and adapt the Conwy forms. Those forms may be used in

only a small number of cases, but I hope that they will solve the problem. The council will also take steps to publicise the availability of the Welsh language forms, and will target information at applicants who may wish to use them. I do not know whether all local authorities in Wales will take such action, but the positive steps taken by Gwynedd county council are welcome. It has pointed out, however, that Conwy county borough council has translated only five of the 100 or so forms available in English. The sooner that all prescribed forms are available in Welsh the better.

As I said, the problem has arisen because of a weakness in the 1993 Act. DCMS was not asked to produce a Welsh language scheme, so it was not prompted to produce Welsh language forms. In Wales, that is interpreted as a reason for a further review of the Act and, indeed, as proof that it needs to be replaced. That is certainly my position, and it is the position of my party.

9.33 pm

Mr. Philip Dunne (Ludlow) (Con): I am grateful to the hon. Member for Caernarfon (Hywel Williams) for keeping his speech brief and giving me an opportunity to address the House. I have discussed the issue with the Minister on previous occasions because, unlike the constituents of the hon. Member for West Bromwich, West (Mr. Bailey), two categories of people in my area have been inadvertently affected, including small, independent publicans. Much of the Licensing Act 2003 appears to have been drafted to allow major pub-owning groups to comply with the immense additional bureaucracy that, as I have seen for myself, is involved in the initial application. I appreciate that the application may not have to be repeated, but for a publican operating on his own, perhaps with the help of his wife—many of the pubs that are still going in villages in my rural constituency are run in that way—the prospect of having to complete a 77-page application is overwhelming. In a village near Bridgnorth that I shall not name for fear of precipitating problems, the publican is in the throes of deciding whether to carry on, given the challenge of completing the application form, not least the requirement to provide a seating plan of his pub. For what purpose? What on earth has that got to do with having a licence or not having a licence? There may be other health and safety reasons, such as fire regulations, for providing a seating plan showing the position of the chairs, but that has nothing to do with a licence. That is one category about which I am concerned.

As the Minister is present, I want to raise an issue that was touched on by the hon. Member for Caernarfon—small guest houses. He mentioned bed and breakfasts in his constituency. We have a number of small guest houses in some of the towns in my constituency. I am thinking particularly of Church Stretton, an area that is trying to attract rural tourism. A number of the small houses there might have two or three bedrooms for use as bed-and-breakfast accommodation. They have a licence for the sale of the odd bottle of wine. The Minister said that the legislation would save money for these licence holders. At present a three-year licence costs £30. The licensees now face a tenfold increase in the cost of obtaining a licence. If they are selling only a few bottles of wine a year, I am told they will not bother to carry on doing so. So the Act may reduce the services available to the tourists in the area, making it less attractive and reducing economic activity.

My constituent who runs The Studio restaurant in Church Stretton was unfortunate enough to go up a rateable value band as a result of the change in the rateable valuation. As a result, his fee will increase not just by 10 times the current charge, but more like 20 times, from £30 to £730 for no reason whatsoever, other than that his rateable value just tipped him over into band B.

The second category, village halls, has been mentioned by many hon. Members. Rather than quote at length from the raft of examples raised with me by village hall committees, I shall pick up two points to illustrate the financial viability question posed by the legislation and a point about TENs. Brian Wilkes, who is the chairman of the Cleobury North and district village hall committee, tells me that the village hall

"is run entirely by volunteers and last year the income was less than £3,000, with expenses of £3,600. The difference was met by donations and fundraising. We are applying for a new licence under 'grandfather rights', however this would restrict us as we would only be allowed 12 licensed events each year."

He is concerned that the committee will not be able to put on sufficient events to meet its costs.

The other example comes from Mrs. Mollie Oatley MBE, who is the secretary to the management committee of the Newcastle community centre, which is a thriving centre but has running costs of £10,000 per annum. At present the licence is provided by the village publican, Mr. Tony Burton of the Crown Inn, who runs the community bar and provides the profits as a contribution towards the hall.

Because the committee has to hold so many events in order to meet its costs, the 12 permits allowed under the temporary events notice are insufficient, so the committee is contemplating having a full premises licence to allow 50 licensed events per annum. The problem is that Mr. Burton, as the first point of contact, is not prepared to undertake responsibility for that number of occasions during the year. As a consequence, he is proposing to pull out of the arrangement with the community centre and none of the other trustees are prepared to take it on. The point is a serious one, which I hope the Minister will address in his concluding remarks.

9.38 pm

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): The legislation seems to have been with us since the ark. It is now two years and rising, and the Under-Secretary of State is the third Minister who has been sold this hospital pass. The Minister of State should know better than to have delivered it into his hands in the condition in which it arrived.

Flexible hours was never an issue. Twenty-four-hour drinking was never an issue, as the Minister continually asserts, most recently on the "You and Yours" programme only a few Fridays ago. There are real concerns, though, and there is considerable agreement on both sides of the House about what they are. They include binge drinking; the proliferation of drinking establishments in town and city centres; over-regulation; confusing, unintelligible bureaucracy; and

[Mr. Malcolm Moss]

loading unnecessary expense on sports clubs and community and village halls. Conservative Members are absolutely right to raise those matters in this debate.

The motion is not an attack on the whole Act, only on those parts of it that are not working and unlikely to work in the time scale of implementation. We agree with the Government on the objectives—protection of children, flexible opening hours, and new powers for local authorities and the police to tackle nuisance and antisocial behaviour, which was mentioned by the hon. Member for West Bromwich, West (Mr. Bailey).

However, five months into the application phase of the implementation of the Act, we are hearing alarming stories about the lack of applications, spiralling costs, widespread misunderstandings, and simple mistakes arising from the complexities of the system. In his parliamentary answer to me only a few days ago, the Minister estimated that approximately 47,500 applications for premises licenses and club premises certificates under the Act have been made—that represents approximately 25 per cent. of existing licensed premises and registered clubs—and said that he would expect 65 per cent. of those applications to involve variations. With variations, of course, come the possibility of objections, local hearings and appeals, and the rest of it. Surprisingly, the Minister went on to say that he had no estimate of the number of applications that will have included regulated entertainment as a licensable activity.

The progress of the Act from July 2003 has been dogged by periods of delay and inactivity, accompanied by a refusal by all DCMS Ministers to revisit the timetable although it has been glaringly obvious that the necessary infrastructure has not been in place early enough to move forward to the next stage. It took a whole year for the Government to finalise the guidance to the Act. That guidance, which was acknowledged by both Houses of Parliament as being fundamental to an understanding of the Act, was published only on 7 July 2004, when councils were obliged to draft, consult and finalise their licensing policies. An Act of 201 clauses and guidance of 178 pages takes some understanding. Add to that the fact that at the time none of the secondary regulations had even been drafted, never mind approved, and if ever there was a recipe for confusion right from the start, that was it.

The application in the transition phase runs to more than 245 pages, and copies of the 26-page form that my right hon. Friend the Member for Maidenhead (Mrs. May) showed to the House have to be sent to eight "responsible authorities" plus the Licensing Authority—nine in total. The number of pages is the same whether or not one wants to change the licence in any way. Thanks to the Government's refusal to grant grandfather rights for the provision of live music under the two-in-a-bar rule and the loss of bank holiday extensions, many businesses will have to fill in 18 pages of the 26-page form that relates to varying the licence. The form is complicated and the process itself is complicated. I have had letters from individuals running clubs—experienced retired business people—who say that it took them 200 hours to complete the form satisfactorily to the Licensing Authority's requirements.

In many cases, the lack of information meant that councils could not release draft policies until September or October, thereby truncating the consultation process and time for consideration. Regulations were finally laid on 13 January to come into force on 7 February, the first appointed day. Even at that stage, the forms on the DCMS website were incorrect and did not conform to the regulations. Corrections had to be made to the forms, which were reissued on 7 February.

It proved difficult, without the forms, the regulations for the required plans, the advertising requirements and other similar details, for businesses and councils to plan ahead. In March, several interested parties, including the Local Government Association, the Local Authorities Coordinators of Local Services, the British Beer and Pub Association, the Association of Licensed Multiple Retailers, the British Institute of Innkeeping, Business in Sport and Leisure and the Association of Chief Police Officers, wrote to the then Minister to express their concern about the lack of applications to licensing authorities.

Several issues, which caused delays and obstructions in the system, were highlighted. They included a lack of awareness of the new law among existing licence holders, especially small independent businesses, and the late laying of regulations. Many of the problems could have been avoided by postponing the start of the application process—that is, the first appointed day. That would have given more time for everyone to get to grips with the intricacies of the process.

The hon. Member for Bath (Mr. Foster) mentioned the due date for annual fees, which are required to be paid on the anniversary of the granting of a licence. That provides no incentive for early applications. Other problems include: the absence of a slip rule in the regulations, which would allow the correction of minor errors rather than mean the rejection of applications; the implications of alterations to licences after the first appointed day, for example, the change of licensee, and the lack of clarity around aspects of the existing law, which the new Act perpetuates. I refer especially to embedded rights and restrictions about which the DCMS and the Local Government Association cannot agree even at this late hour.

Several hon. Members mentioned village halls, including my hon. Friends the Members for Mole Valley (Sir Paul Beresford) and for North-East Bedfordshire (Alistair Burt) and my right hon. Friend the Member for Maidenhead. The Under-Secretary's concession of an offer to revisit TENs is tantamount to accepting that the Act has got it wrong. Although it is reassuring to know that he spoke to representatives of ACRE only today, they must have told him what they told us back in spring 2003. ACRE was not offered meetings then, and the Government arrogantly rejected its sensible proposals for practical implementation of the new licensing regime.

We tabled amendments to address the key issues of the number of temporary permissions, the special case for voluntary and non-profit-making organisations, increased costs for licensing and the added administrative burdens for volunteers in village communities. The relevant amendment in Committee was No. 213, which was moved at column 456 of the *Official Report* of Standing Committee D on Thursday 8 May 2003. The Under-Secretary need look no further

because ACRE gave us that amendment, which deals exactly with the points raised in the debate. It defines a voluntary organisation and it requested the number of TENs to be increased from five to 24. The Government conceded 12. The Under-Secretary's offer to reassess that is welcome but it is frustrating that that could have been sorted out more than a year ago.

Many hon. Members raised the time scale for implementation, including my right hon. Friend the Member for Maidenhead, the hon. Member for Bath and the hon. Member for West Bromwich, West. The cut-off date of 6 August for transitional applications is probably set in stone at this late hour. However, the second appointed day is not. We still await the statutory instrument to legitimise the date. Since there is no time, I suggest that, before the House goes into recess, the Under-Secretary must be reserving his option to monitor developments through the recess and well into October. I predict that, if a backlog remains, thereby choking up local authority licensing committees, the statutory instrument will not confirm 24 November but a date that is, as my right hon. Friend requested, well into the new year 2006.

We can well understand the Minister's reluctance to indicate any slippage at this juncture, but if the fears of many of those directly involved are realised, the sheer volume of applications sitting with local authorities and the cases queuing up for appeal hearings will force the Minister to do a major U-turn. As with so many sensible and practical suggestions relating to this legislation, "You heard it here first!"

9.49 pm

The Minister of State, Department for Culture, Media and Sport (Mr. Richard Caborn): When licensing and entertainment are on the agenda, we always have a lively debate. We have certainly had one this evening. There is broad consensus that the objectives of the Bill—*[Interruption.]* Well, the hon. Member for North-East Bedfordshire (Alistair Burt), who is one of the more measured Members of the House, made a very sensible contribution—

Alistair Burt: A short one.

Mr. Caborn: Yes, but it was a very measured one. He homed in on a problem that has been discussed again this evening, namely that of village halls. We will take those issues on board through the high-level committee. One issue has been taken out of context today: Members said that there had been just one meeting with ACRE. There has been a whole series of such meetings, and ACRE welcomed the fact today that we had moved on temporary licensing. I should like to quote ACRE's newsletter of June 2005. It states:

"ACRE (Action with Communities in Rural England) has been following the implementation of the Act and working with the Communications and Strategy Team at DCMS who have been very helpful in explaining the new processes and providing guidance and legal interpretation of the new legislation. They have set up the Live Music Forum to encourage the provision of live music in licensed premises ... and published Countdown to explain the Act in a user-friendly way ... Training sessions for village hall advisers have also taken place with the support of DCMS".

I am not going to say that all the problems have been resolved. Clearly they have not, and a great deal of concern has been expressed this evening. However, let us be clear that what we are trying to do with this piece of legislation is to modernise in a way that most sensible people would want us to. We are reducing bureaucracy by merging six regulatory regimes into one. That is important for this country. This is about bringing the licensing regime into the 21st century. Central to that is the empowerment of local communities by increasing their right of intervention, which will be particularly important in licensing cases. The Act will enhance the democratic accountability and empowerment of local authorities; that is where we believe such powers should lie.

On the problems of binge drinking in modern society, we have removed the nuclear option that existed before. We have expanded police powers the better to enable the police to respond in a proportionate way when tackling crime and antisocial behaviour. That has been welcomed by many, particularly those in the police force and in the Association of Chief Police Officers, which recently reaffirmed its support for the Act.

The Act merges six complicated and, in some cases, outdated regulatory regimes into one. This will affect about 190,000 licensing authorities. We accept that there will be problems with implementation, but we shall be able to implement the provisions in regard to fees and to the operation of the Act, particularly for village halls and sports clubs. The hon. Member for North-East Cambridgeshire (Mr. Moss) did not choose a very good example of a club. Yesterday at Question Time, the hon. Member for Wimbledon (Stephen Hammond) mentioned Wimbledon cricket club. The club has an adult membership of 1,200, and an additional 800 junior members. It has a 9-acre site and is one of the wealthiest clubs in the country, thanks to the six-figure sum paid to it by its neighbour, the All England Lawn Tennis and Croquet club, which uses the site for car parking and corporate hospitality. It is therefore quite a wealthy club. I know that some Conservative Members might want to prosecute their case that such clubs should not pay the licence fee, but that would be wrong.

The main reason for this major piece of modernisation is something that the Opposition have been crying out for for years, namely the reduction of red tape and bureaucracy. That is what we are going to achieve. We are moving the whole licensing regime in a direction that many people in the tourism industry have been calling for. We have debated the tourism industry many times in the Chamber, and discussed how we want to modernise it and to increase its activity. The Act provides the tools to do that.

In relation to entertainment, which is linked to tourism with regard to central London, it is important that we modernise our licensing regimes. The chairman of the British Beer and Pubs Association said as late as 15 May this year that the Government

"have delivered flexibility. We have seen the back of the ludicrous 11 pm closing time."

Therefore, the Act has had tremendous support across the board.

In terms of sports clubs, no Government have helped truly amateur sports clubs more than we have. We introduced mandatory rate relief, for which there have been calls for more than 30 years, and our investment in

[Mr. Caborn]

amateur sports clubs is second to none. If there are problems with genuine sports clubs, we will consider that, as I said that we would with regard to village halls.

I cannot do justice to all the points raised this evening, but I will respond in writing on those that I do not cover. Let me just respond to the point made by the Opposition spokesman about 24-hour opening not being an issue. The right hon. Member for Haltemprice and Howden (David Davis), who might be the new leader of the Conservative party, said on 30 June,

"What on earth is the Government doing? In the face of these figures, its policy of 24-hour drinking is nothing short of madness."

And on 8 June, he said:

"Given that a lot of violent crime is caused by binge drinking, it beggars belief that the Government are going ahead with 24-hour opening".

How can Opposition spokesmen say that there is no disagreement about 24-hour opening? They ought to get their act together.

As for the comments of the hon. Member for Bath (Mr. Foster)—*[Interruption.]* The Yorkshire pronunciation is "Bath", although I know that it is "Barth" down there. I think it is also "Bath" in Scotland. On the question of delay, the hon. Member for Bath accused me, as the then Minister with responsibility for licensing, of procrastination and of not bringing the measure forward. At the turn of the year, he changed his mind, as the Liberals are prone to do, and now argues that he wants a delay. We never know where the Liberals stand. On the one hand they argue that they want a delay, while on the other they say they do not. But I assure you, Mr. Speaker, that there is no delay. We will make sure that the Act is implemented.

Mr. Walker: Will the Minister give way?

Mr. Caborn: No.

In relation to the points made about the Local Government Association, may I put on record the role that local government and the Local Government Association have played overall in the implementation of the Act? It has been professional, detailed and extremely helpful. I say that from my own experience. As I said at Question Time on Monday, in the case of my trades and labour club, of which I am the honorary president, the volunteer who runs it, Alan Jackson, an ex-National Union of Public Employees steward, has got our licence through without any help from solicitors. That cost under £200, and the club has a turnover of about £500,000 a year. He admitted that it was a little difficult to start with, but once the steward's wife helped with filling out the form, it was pretty simple. The only mistake that Sheffield trades and labour club made in its application for a licence is that while we have all these extensions, we will only be open until 5 o'clock in the morning on general election night. That is disgraceful—as we will win the next two elections, the extension ought to be until midday the following day.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 193, Noes 303.

Division No. 37] **[9.59 pm**

AYES

Afriyie, Adam	Hammond, Mr. Philip
Ainsworth, Mr. Peter	Hammond, Stephen
Amess, Mr. David	Harper, Mr. Mark
Ancram, rh Mr. Michael	Harvey, Nick
Arbuthnot, rh Mr. James	Hayes, Mr. John
Atkinson, Mr. Peter	Heath, Mr. David
Bacon, Mr. Richard	Heathcoat-Amory, rh Mr. David
Barker, Gregory	Hendry, Charles
Baron, Mr. John	Herbert, Mr. Nick
Beith, rh Mr. Alan	Hoban, Mr. Mark
Benyon, Mr. Richard	Hogg, rh Mr. Douglas
Beresford, Sir Paul	Hollobone, Mr. Philip
Binley, Mr. Brian	Holloway, Mr. Adam
Blunt, Mr. Crispin	Holmes, Paul
Bone, Mr. Peter	Horam, Mr. John
Boswell, Mr. Tim	Horwood, Mr. Martin
Bottomley, Peter	Howard, rh Mr. Michael
Brazier, Mr. Julian	Howarth, David
Breed, Mr. Colin	Howarth, Mr. Gerald
Browne, Mr. Jeremy	Hunt, Mr. Jeremy
Browning, Angela	Jack, rh Mr. Michael
Bruce, Malcolm	Jackson, Mr. Stewart
Burns, Mr. Simon	Jenkin, Mr. Bernard
Burstow, Mr. Paul	Jones, Mr. David
Burt, Alistair	Key, Robert
Butterfill, Sir John	Kirkbride, Miss Julie
Cameron, Mr. David	Knight, rh Mr. Greg
Campbell, rh Sir Menzies	Lait, Mrs. Jacqui
Carmichael, Mr. Alistair	Lancaster, Mr. Mark
Carswell, Mr. Douglas	Lansley, Mr. Andrew
Cash, Mr. William	Leigh, Mr. Edward
Chope, Mr. Christopher	Letwin, rh Mr. Oliver
Clappison, Mr. James	Lewis, Dr. Julian
Clark, Greg	Liddell-Grainger, Mr. Ian
Conway, Derek	Lidington, Mr. David
Cox, Mr. Geoffrey	Lilley, rh Mr. Peter
Crabb, Mr. Stephen	Llwyd, Mr. Elfyn
Curry, rh Mr. David	Loughton, Tim
Davey, Mr. Edward	Luff, Peter
Davies, David T.C. *(Monmouth)*	Mackay, rh Mr. Andrew
Davies, Philip	Malins, Mr. Humfrey
Davies, Mr. Quentin	Mates, rh Mr. Michael
Djanogly, Mr. Jonathan	May, rh Mrs. Theresa
Dorrell, rh Mr. Stephen	McIntosh, Miss Anne
Dorries, Mrs. Nadine	McLoughlin, rh Mr. Patrick
Duddridge, James	Mercer, Patrick
Duncan Smith, rh Mr. Iain	Miller, Mrs. Maria
Dunne, Mr. Philip	Milton, Anne
Ellwood, Mr. Tobias	Mitchell, Mr. Andrew
Evennett, Mr. David	Moore, Mr. Michael
Fabricant, Michael	Moss, Mr. Malcolm
Fallon, Mr. Michael	Mundell, David
Field, Mr. Mark	Murrison, Dr. Andrew
Forth, rh Mr. Eric	Newmark, Mr. Brooks
Foster, Mr. Don	Öpik, Lembit
Francois, Mr. Mark	Osborne, Mr. George
Fraser, Mr. Christopher	Ottaway, Richard
Gale, Mr. Roger	Paice, Mr. James
Garnier, Mr. Edward	Paterson, Mr. Owen
Gauke, Mr. David	Pelling, Mr. Andrew
George, Andrew	Penning, Mike
Gibb, Mr. Nick	Penrose, John
Gidley, Sandra	Price, Adam
Goodman, Mr. Paul	Pritchard, Mark
Goodwill, Mr. Robert	Randall, Mr. John
Gove, Michael	Redwood, rh Mr. John
Gray, Mr. James	Reid, Mr. Alan
Grayling, Chris	Robertson, Hugh
Green, Damian	Robertson, Mr. Laurence
Greening, Justine	Robinson, Mrs. Iris
Greenway, Mr. John	Robinson, Mr. Peter
Grieve, Mr. Dominic	Rogerson, Mr. Dan
Hague, rh Mr. William	Rosindell, Andrew

Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Geoffrey Clifton-Brown and
Mr. Henry Bellingham

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Ms Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan

Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Steele, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Claire Ward and
Tony Cunningham

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House commends the Government on its effective publicity campaign that has significantly increased the rate of applications to convert existing licences under the Licensing Act 2003 before 6th August; encourages remaining licensees to fulfill their responsibilities and get their applications in before that date; considers that failure to implement the Act without delay would deny local communities increased powers of intervention and improved democratic accountability with regard to licensing and deny the police the expanded powers that are vital to their efforts to tackle alcohol-related crime and anti-social behaviour; welcomes the powers in the Act to prevent crime and disorder and public nuisance, and protect children from harm; believes that the Act will benefit local communities, local economies and tourism and generate savings for business of almost £2 billion over 10 years; and furthermore, believes that the Act will be successfully implemented by 24th November 2005 and will be welcomed by industry and non-commercial organisations, including village halls and sports clubs, alike.

IDENTITY CARDS BILL (PROGRAMME) (NO. 2)

Ordered,

That the Order of 28th June 2005 (Identity Cards Bill (Programme)) shall be amended, in paragraph 2, by substituting 'Thursday 21st July' for 'Tuesday 19th July.'—*[Mr. Dhanda.]*

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Traffic Management (Northern Ireland) Order 2005, which was laid before this House on 16th June, be approved.—*[Mr. Dhanda.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

HEALTH CARE AND ASSOCIATED PROFESSIONS

That the draft Dentists Act 1984 (Amendment) Order 2005, which was laid before this House on 26th May, be approved.—*[Mr. Dhanda.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

FEES AND CHARGES

That the draft Consular Fees Act 1980 (Fees) Order 2005, which was laid before this House on 16th June, be approved.—*[Mr. Dhanda.]*

Question agreed to.

PETITION

Prestwick Beach

10.14 pm

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I wish to present a petition signed by more than 3,000 of my constituents living in the vicinity of Prestwick beach.

The petition states:

The Petition of Prestwick Marine Neighbourhood Watch and others, believes that there is an essential need for improvements to the seafront area in Prestwick, particularly the installation of CCTV cameras on the seafront, in order to control anti-social behaviour in that area.

The Petitioners therefore request that the House of Commons pass legislation enabling South Ayrshire Council and the Scottish Executive to install CCTV cameras on Prestwick seafront, thereby assisting the authorities in controlling anti-social behaviour in Prestwick.

The Petitioners further request that the House of Commons urge South Ayrshire Council and the Scottish Executive to open the seafront toilets on Links Road in Prestwick all year round, and to organise cleaning of the beach from 1 March to 31 October each year.

And the Petitioners remain, etc.

To lie upon the Table.

Met Office (Aberdeen)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Dhanda.]*

10.15 pm

Malcolm Bruce (Gordon) (LD): I believe myself fortunate to secure this debate on the proposed closure of the Met Office in Aberdeen in my constituency, just a week before the House rises for the summer. The proposal has caused widespread dismay and consternation, as the Aberdeen office is the only civilian weather forecasting operation in Scotland. I express my appreciation for the cross-party support that the campaign to have the decision reversed has gathered.

I note with satisfaction that the Minister has made it clear that the final decision is his. I am glad that I and others will have the chance to press the case with him tonight, although the campaign will not end with this debate.

My first concern has to do with the way that the decision has been handled. Staff learned through an internal e-mail that the option to close all six branches had been chosen by the Met Office board. Internal consultation was then initiated on the basis of a done deal. Not surprisingly, that caused anger and resentment, and the information was then leaked into the public domain rather than announced in an orderly fashion by the Met Office management.

At present, there are six Met Office branches apart from the headquarters in Exeter. The one in Aberdeen is the only one in Scotland, and the others are in Belfast, Cardiff, Manchester, Birmingham and London. Of course, there have been management changes in the Met Office. The decision by Dr. David Rogers to leave following his marriage clearly created a hiatus. I understand that he finishes at the end of this week, and that he may have attended his last board meeting today. It is perhaps worth putting it on record that he stated in his farewell message:

"It has been a privilege to lead the Met Office during this period of transformation"—

an odd word, I think—

"and I believe that I will leave the organisation strongly focused and committed to meet the challenges in the future. I would like to take this opportunity to relay again my personal thanks to all Met Office staff for helping me to determine the new strategic direction for the organisation and for putting in place a clear vision and robust plan for the future. I wish the Met Office, and its excellent people, every success for the future."

The Minister will understand that that has a hollow ring with people in Aberdeen. After all, this time last year Dr. Rogers said:

"I want the Met Office to work with Government to help to mitigate the impacts of severe weather. This goal can only be achieved if we maintain a significant regional presence and my wish to focus on services which improve public safety. Aberdeen Met Office is a great example of somewhere this has already happened. Everything they do is focused on protecting life at sea. This is a model."

What has happened in the past 12 months to produce that complete about-turn? Only last September, a strategic decision was taken to transfer the shipping forecast and gale warnings from Exeter to Aberdeen. In that short time—less than a year—staff at Aberdeen have achieved a 35 per cent. increase in accuracy, for which the team recently received a performance bonus, yet management now want to transfer the service back to Exeter.

I do not know whether the Minister will want to comment, but I can tell him that there is a suspicion that the change of policy was driven by the cost overruns in the move to Exeter. When his predecessor, Ivor Caplin, accepted the new headquarters at the end of 2003, he described it as

"within budget and under a strict timetable",

yet in a recent reply to me the Minister confirmed that there was a cost overrun of £7.9 million. It is estimated that the option recommended by the board—closure of all the branches—will save £3,652,000 over five years and £20,691,000 over 10 years.

Miss Anne Begg (Aberdeen, South) (Lab): Has the hon. Gentleman made a similar calculation to the one I made? The savings suggested by the Met Office may not actually happen, because there is no guarantee that, if Met Office functions were centralised in Exeter, the business currently done by the Aberdeen Met Office will follow. It could go to a commercial company.

Malcolm Bruce: The hon. Lady anticipates one of my points.

I stress that the difference between the option that the board recommends and option 3—I am not saying that option 3 is the definitive one, but it would retain Aberdeen, London and Manchester as centres of excellence—is a reduced saving of £917,000 over five years and £5.324 million over 10 years, an overall projected saving of £15.367 million. Can the Minister tell us whether it is reasonable to destroy morale and disperse expertise for a projected saving—I take the hon. Lady's point—of about £500,000 a year? That does not seem to make sense, and more to the point—exactly the hon. Lady's point—will that saving really be achieved?

The Minister told me in a written answer:

"It is not therefore possible to provide information on revenue generation by individual civil centres".—[*Official Report*, 6 July 2005; Vol. 436, c. 477W.]

Why not? That is a trading fund and if the Government do not know what those branches cost and how much revenue is generated, how are they competent to make any decision that closing them would be a saving rather than a cost?

I have already been told that there is a presumption of a revenue loss of only £20,000. Even that implies that more information is available than has been made public. There is evidence that the revenue loss could be far greater and could be even more than the project savings, so the net result of the decision could be to increase the deficit or the loss-making potential of the Met Office—certainly not to boost it. The Minister should take that into account. Over the last couple of weeks, we have already heard that a £1 million contract for Shell has been lost. Other contracts are being bid for, but, against the background that I have described, it is hard for the Met Office to win them, although it is determined to try to do so.

The situation is odd, because there are three private weather forecasters with substantial staffs operating in Aberdeen and they will certainly take a predatory

[Malcolm Bruce]

approach to Met Office customers. Indeed, they have already done so—Shell has been won across. Can the Minister give us even the internal estimate of the cost savings from closing Aberdeen and where the main savings will be made? I have spoken to nobody who believes that those savings will be realised or that they can be made without damaging business.

A management document admits:

"While there is still an important human involvement in the forecasting process this is reducing with time and needs to be used in a way that adds real value to the output. The role has evolved and forecasters are now more involved with service provision—interpreting the likely weather impacts and helping users and customers to make best use of the information available and mitigate risks."

That is exactly the role in which Aberdeen has excelled in recent years.

It is also interesting that the Ministry of Defence insists on retaining Met Office operations on its bases in Scotland. If a remote computer can do the job—according to the Met Office's operation in Exeter—why does the MOD need a local operation? Or is its insistence in fact confirmation that local operations really add value and qualitative information?

Mr. Mike Weir (Angus) (SNP): Does the hon. Gentleman accept that many industries in north-east Scotland—fishing, oil and the growing pleasure boat sector—rely on the Aberdeen office and local input?

Malcolm Bruce: That is true. The Met Office is a public service. I realise that it is a trading fund but people perceive it as "our" Met Office providing the information we need for such activities.

The very suggestion that Met Offices can be offered remotely without a professional customer interface is itself damaging for business. Forecasters insist that, although the Exeter technology is a huge innovation, they can still add to it and meet the needs of customers in local advice, customisation and presentation.

Safety is an issue. In Scotland, that means mountain rescue, keeping roads open in the winter, fishing, offshore oil and gas, the pleasure boat industry and the tourist industry. The idea that Scotland, with its now fully established Scottish Parliament, should have no direct access to the Met Office within Scotland is an insult to the needs of the Scottish economy.

Safety is not the only issue, because commercial interests are also important. The Minister should imagine an offshore oil and gas operator trying to plan the installation of a sub-sea system in the North sea. Such an operator will need a local, specific weather forecast that will enable it to determine the weather window to perform that operation. A crane barge can cost $100,000 a day, and two or three days' error in the weather forecast could cost hundreds of thousands of dollars. It would be a pity, in those circumstances, if the Met Office could not continue to provide the service that it has provided in the past.

Forecasters in Aberdeen meet clients daily and can provide updates catered to customer needs within 15 minutes. The Met Office website, which is still effectively marketing the Aberdeen operation, makes a real virtue of that on-the-spot service. It is not credible that such a service could be provided from a location as remote as Exeter.

Jo Swinson (East Dunbartonshire) (LD): Does my hon. Friend agree with my constituent, Mr. Dave Clark, who relocated to the Aberdeen office when the Glasgow office closed two years ago, that the loss of the facility is likely to result in the total loss to the Met Office of highly trained staff and the detailed local knowledge of Scotland's weather?

Malcolm Bruce: I have met my hon. Friend's constituent and he has made that point to me. Many of the staff will leave the Met Office because they want to stay in that location, and competitors are keen to gobble them up because of their track record. All that is clearly demonstrated in the marketing brief for Aberdeen on the website.

The very suggestion that Scotland should lose its only civilian Met Office operation is deeply damaging. I do not have to tell the Minister that Scotland covers 40 per cent. of the land area of Great Britain and probably more than half the maritime area—

Angus Robertson (Moray) (SNP): Not on the BBC weather map.

Malcolm Bruce: I am talking about accurate projections.

Weather can be notoriously severe, even extreme, although today was a beautiful day in Aberdeenshire. Public agencies, especially the road organisations, police, mountain rescue, air traffic, coastguards and others, all rely on weather forecasts that are accurate, flexible and use local knowledge. However good the model, there can be severe variations. The programme is based on readings at 2,500 ft. Conditions might be very different at sea level or above 4,000 ft. I can testify, as can some of my hon. Friends, that Aberdeen airport has notoriously turbulent and highly local wind patterns.

What representations have been made to the Minister by public agency users of the Met Office? What representations have been made by the Scottish Executive? It is ironic that the very technology—it is superb—that gives a resource that can strengthen the branch operation is being used to centralise the service and pull everything to Exeter. Will that not leave the service exposed? There may be two computers, but they could both be disabled. I understand that they share cabling tunnels. Does not safe back-up justify maintaining other centres of excellence, especially when the perceived savings are relatively small and may be completely wrong? What contingencies are or could be in place if Exeter failed? Is there not a danger that public agencies will face a reduced service and possibly greater costs in getting relevant information? What account is being taken of the impact of the closure on such agencies?

My understanding is that the Met Office trading fund has been set up to enable it to compete on fair and equal terms with the private sector. How come competitors see the need for major operations in Aberdeen? Indeed, they are poised to fill the gap if the Met Office leaves.

In the light of these arguments, I hope that the Minister will consider all the options during the consultation. Will extra options be considered or is the consultation on the four options previously considered? Will the Minister recognise that opinion across Scotland, as demonstrated in this debate, is strongly of the view that we require our own civilian Met Office operation and that Aberdeen should be retained as our centre of excellence? To be frank, if the Minister were to close that operation, which has achieved great things in the past 15 years, it would be an act of vandalism that the Met Office would ultimately regret. It would not solve the financial problems of the Met Office but compound them. It would devalue the Met Office as a truly national British service, rather than something, however superb, based about as far away from Aberdeen as anyone can get and still be on the mainland of Britain.

10.30 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I congratulate the hon. Member for Gordon (Malcolm Bruce) on obtaining this Adjournment debate and I welcome the opportunity to talk about the work of the Met Office, and the Aberdeen Met Office in particular. I am grateful to him for giving me advance notice of the main issues that he wanted to raise and I will attempt to answer his points. If I fail to answer anything, I will consult *Hansard* tomorrow and write to him if I need to do so.

I recently launched a consultation exercise on the options for change of the Met Office's structure. I should like to explain the background of those changes, together with the context in which they are being considered. I plan to visit the Met Office in Exeter later this month, and I will take the opportunity while there to discuss the issues involved with the Met Office executives. I have also agreed to meet representatives of the Prospect trade union, and I expect to meet parliamentary colleagues on this matter in the near future.

I have written to the hon. Gentleman and to other hon. Members whose constituencies or constituents may be affected by any change to the Met Office's current structure and organisation. I do, however, need to make it clear at the outset that no decisions have been taken or are assumed. I have initiated a 90-working-days consultation period, the purpose of which is to find the most effective and efficient way for the Met Office to carry out its civil forecasting task. I welcome any representations, and I shall make my decision after considering and evaluating all the representations that I receive.

The Met Office's primary function is vital: to understand the science of the weather and the environment. It does an important job in providing forecasts and information and helps to save lives and protect property. We look to the Met Office, as the national meteorological service, to provide timely, quality weather forecasts, particularly in respect of predicting and broadcasting warnings of severe weather.

The Met Office has continually invested in improving its computer forecasts through the increasing understanding of the science and the utilisation of massive supercomputer power. That helps to maintain its reputation for excellence and to ensure that it can deliver the weather services that we require now and in the future.

Lembit Öpik (Montgomeryshire) (LD): As the Minister knows, I am a great admirer of weather forecasting and, indeed, of weather forecasters. On the science, does he accept that while the supercomputers are important, there will always be an element of expertise, which other hon. Members have already mentioned? The great strength of sharing that experience across the country is that the local expertise that brings in the business is effectively on site in those regions to deliver results. Will he accept representations, including from Wales, about the case for maintaining that regional expertise in its current locations?

Mr. Touhig: Of course I will be happy to receive representations. I know that the hon. Gentleman has a particular insight into weather forecasting that is denied to the rest of mortal man, and I congratulate him on that.

Investments in satellites and weather radars have resulted in significant advances in how the atmosphere is observed. Advances have also been made in numerical weather prediction mathematical models. At the same time, technological advances, particularly in telecommunications, continue to enable increasing efficiencies in the production process. While the Met Office continues to put a very high premium on the skill of people, the human role in the forecasting process has changed and continues to change significantly. The forecaster is now more focused on providing a service to customers. By interpreting the likely weather impacts, forecasters help people to make best use of the information available, especially when it comes to the risks of severe weather.

It is important that we build on the Met Office's investment in technology, telecommunications and modelling. That is the reason for reviewing the production process and is the background to identifying the options for the way ahead. The options under consideration range from no change to the current structure and process, to the full centralisation of forecasting and the full automation of all commercial services. They also include the centralisation of production, but with the creation of two or three centres of excellence to deal with specific sectors of the Met Office's customer base and the production and services range.

The Met Office board has expressed a preference for the centralisation of forecasting and the partial automation of forecast production for commercial services. However, I can assure the hon. Gentleman, given the concern that he has raised today, that I shall fully, carefully and impartially consider all the options that are being consulted on in the light of representations that I receive.

Mr. Alex Salmond (Banff and Buchan) (SNP): When the Minister says that no decisions have been made, is that a result of his ministerial intervention, as opposed to what the Met Office board has previously said? Will he take the final decision after the consultation period?

Mr. Touhig: The hon. Gentleman might think that, but I could not possibly comment. I say in answer to a

[Mr. Touhig]

point made by the hon. Member for Gordon that the way in which the announcement was handled, given its nature, was not one of our most brilliant successes, and I am truly conscious of the impact that the situation has had on morale. The decision will rest with me, once I have taken account of all the representations that I receive. If anyone comes up with an option that is not one of the four, obviously I will want to consider it. Governments can get things wrong—not often, but sometimes.

I assure the hon. Member for Gordon that proposals for future forecasting have no financial relationship to the costs of the recent Met Office relocation to Exeter. The relocation was budgeted and paid for. The Met Office needs to identify efficiencies continuously so that it can ensure its future as a trading fund.

The hon. Gentleman was concerned about why the costs and revenues of individual centres such as Aberdeen could not be identified. The answer is that the production of weather forecasts is an integrated activity that involves several agencies in the Met Office. Civil centres are one part of the process and do not operate as self-standing profit-and-loss units.

The situation at military aviation stations is different from that at civil centres. Military pilots require direct, immediate and face-to-face briefings on the likely impact that the weather will have on the safety and effectiveness of operational sorties, so intensive consultancy occurs between the military and the Met Office.

Malcolm Bruce: Does the Minister accept that for people in the environment of the North sea, whether they are involved in fishing, maritime activities or offshore helicopter activities, the same factors apply? Their inability to call up information that the military can access is anomalous. Surely a national Met Office should provide such information to the civilian sector.

Mr. Touhig: Other people made that point during a discussion that I had earlier today and I shall take it on board as part of the consultation process.

As yet, I have received no representations on the proposals from public bodies or the Scottish Executive. In respect of the operations centre that is based at Exeter, I can assure the hon. Gentleman that all the necessary business and operational resilience, and plans for continuity, are in place.

The hon. Gentleman asked why the shipping forecast was transferred to the Aberdeen office in 2004. The decision was based on bringing together marine forecasting in a single unit. There has since been no step change in the shipping forecast, so I am not clear what improvement in accuracy is being claimed since the transfer. The proposal to consider further centralisation as one of the options builds on the process of rationalisation and improvement.

The costs of implementing any of the options are included in the consultation document, including, for example, the small number of redundancies that could result from centralisation, which the Met Office would of course have to fund. I require the Met Office, like any other trading fund, to maximise the profit that it makes from its commercial work with the private sector. The aim is to return shareholder value to the taxpayer.

The hon. Gentleman has raised other issues separately with me. He has expressed concern that the removal of forecasting capability from Aberdeen would diminish the quality of weather predictions. I hope that he will understand if I do not comment about that now, but I will take account of what he says as part of the consultation. Consultation with Met Office customers will, however, form a key part of the overall consultation process. I shall take fully into account any issues that they raise before I reach a final decision. I understand fully hon. Members' representations on the impact of further possible change on Met Office staff and their families. I appreciate that that is unsettling and am conscious that uncertainty is the most difficult thing for them to handle.

Miss Begg: Some of my constituents relocated from Glasgow to Aberdeen and have settled down there with their families. I re-emphasise that the uncertainty is resulting in low morale. Perhaps I can also make it clear that they are not going to move from Aberdeen again. Their expertise is likely to be lost to the Met Office and they will work somewhere else.

Mr. Touhig: I understand my hon. Friend's concern. However, when the Met Office relocated from Bracknell to Exeter, about 1,000 people relocated. There are difficulties and pressures, but we have to face those if we are to take the option that the Met Office board prefers.

I emphasise that the consultation will be open, full and impartial. I look forward to meeting the hon. Member for Gordon and others who wish to make representations. As I said, the consultation will be inclusive, involving the full range of Met Office stakeholders. It is then up to me to reach a decision on the way ahead after careful consideration of all the options. It is my ambition and desire that the consultation is as wide, open and transparent as I can possibly make it.

I pay tribute to the work of the current chief executive, Dr. David Rogers, who is leaving on 15 July. His decision to resign follows his recent marriage and his wish to pursue a career path that allows him and his wife to spend more time together. I can confirm that his decision to leave is entirely personal and is not related to the options and proposals that we are discussing.

I have started the 90-day consultation. I am inviting everyone and his uncle to take part so that we have their views. That is the best way to proceed. At the end of the day, I will have to consider the options and come forward with a proposal. Again, when I do that, I am sure that I will be answerable to the House for my actions.

Question put and agreed to.

Adjourned accordingly at eighteen minutes to Eleven o'clock.

House of Commons

Wednesday 13 July 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Devolved Government

1. **Ben Chapman** (Wirral, South) (Lab): If he will make a statement on prospects for the restoration of devolved government in Northern Ireland. [10652]

5. **Ann Winterton** (Congleton) (Con): If he will make a statement on the prospects for the Northern Ireland Assembly reconvening. [10656]

6. **Mr. Tom Harris** (Glasgow, South) (Lab): When he expects the devolved institutions of Northern Ireland to be restored. [10657]

The Secretary of State for Northern Ireland (Mr. Peter Hain): The Government are committed to the restoration of a fully inclusive, devolved, power-sharing Executive in Northern Ireland at the earliest opportunity, which is in turn dependent on a complete and verifiable end to all paramilitary and criminal activity and the decommissioning of all illegally held weapons.

Ben Chapman: Does my right hon. Friend agree that although Northern Ireland has come a long way in recent years, the key element in all this is trust? Events have served to eradicate trust between the parties. What steps does he think need to be taken to restore that trust by each of those concerned?

Mr. Hain: I agree that there has been an erosion of trust since Easter 1998, and that needs to be rebuilt. It will best be rebuilt by all those involved in paramilitary activity and criminality in Northern Ireland ending that involvement, full stop. That is what has to be achieved.

Ann Winterton: Now that we have tragically seen once again the effects of terrorist attacks in the United Kingdom, will that not reinforce the view that there is no place in the future Government of Northern Ireland for those who have abused our democracy by the bullet and the bomb? Does the Secretary of State agree that no progress can be made until the structures of terrorism, such as the IRA, are dismantled? Without such action, as the hon. Member for Wirral, South (Ben Chapman) has just said, there can be no trust in a peaceful future for Northern Ireland.

Mr. Hain: I have been very struck in Northern Ireland in recent days by the tremendous sympathy shown by people right across Northern Ireland, of all backgrounds, all beliefs and all political parties, with the people of London and of Great Britain as a whole. I am sure that the hon. Lady will be pleased by that indication of where sentiment lies. Of course we want to rid Northern Ireland politics for good of the bombs, the bullets and the punishment beatings, of all violence and certainly of all terrorism, and that is what we are working on.

Mr. Harris: During my right hon. Friend's recent visit to the United States, did he have any meetings with representatives of the Irish-American community, and if so what views did they express regarding the possibility of the restoration of devolution in the near future?

Mr. Hain: I did indeed meet members of the Irish-American community in Washington and New York, and had excellent discussions with them, as well as with the Secretary of State, Condi Rice, and with special envoy, Mitchell Reiss. I was struck by the change in attitude from the very top, down through senators such as Edward Kennedy, Congressman Pete King and, indeed, senior business men such as Bill Flynn. There is now a much better understanding of, and support for, the British Government's position, and that is very welcome. All have offered—the President especially, via the Secretary of State—to help in whatever way they can. We are very grateful for that support and we look forward to drawing on it in the future.

Mr. Peter Robinson (Belfast, East) (DUP): Given the appalling, exclusively republican violence last night and the failure of the republican leadership of Sinn Fein to condemn it, what confidence can the community in Northern Ireland have that Sinn Fein is seeking to make any transition towards democracy and peaceful politics? Does the Secretary of State not recognise that, by requiring inclusive devolution at an Executive level, he puts a veto and a massive bargaining chip into the hands of those very people?

Mr. Hain: I share the condemnation and regret of the hon. Gentleman and, I imagine, all his colleagues concerning the violent disorder in the Ardoyne area last night. There is no question but that that should not have happened, and it cannot be tolerated. As for the future of inclusive Government, he will know that it is our objective, as I have said before, to banish all forms of violence from Northern Ireland politics, and it is in the interests of everybody, including his party, which is now in an important leading position in Northern Ireland, that we get all the parties round the Executive table, sharing Government.

The activity in the Ardoyne area last night contrasted, I might add, with the activity in the morning, which was almost entirely peaceful, as I discussed with the hon. Member for Belfast, North (Mr. Dodds) over the phone, as did the Under-Secretary of State for Northern

Ireland, my hon. Friend the Member for St. Helens, South (Mr. Woodward), who is responsible for security. That regrettable and unacceptable violence was an isolated incident in a marching season of about 3,000 parades which were overwhelmingly peaceful. There have been only a handful of serious incidents. I look to the model of Londonderry; the people of Derry got together and found a way through to a process in which the Orangemen were able to parade in accordance with their historic traditions, and at the same time the community felt comfortable with that. Dialogue is the way forward on all these things.

Mr. Eddie McGrady (South Down) (SDLP): During the Government's talks towards devolution with the various parties in the past number of months, what assurances has the Secretary of State, first, given the Democratic Unionist party on the composition of the membership of the Northern Ireland Policing Board, which is due for revision in the autumn? Secondly, what assurances has he given Sinn Fein on changes in the structure of the Police Service of Northern Ireland in view of the fact that the Patten report commissioned on policing in Northern Ireland has been well nigh fully implemented?

Mr. Hain: I do not think that it is a question of giving any particular assurance to individual parties. It is a question of finding the best way forward for the future of the PSNI, carrying into effect the recommendations of the Patten report. The recent report of the oversight commissioner showed that some two thirds of those recommendations have been successfully carried out and implemented. That shows that the PSNI is not only making tremendous progress in normalising policing in Northern Ireland—I pay tribute to the Chief Constable—but in some respects becoming an example for other parts of the world that have had conflicts. As we move forward on the Policing Board, we need to do so sensibly. I am certainly consulting all parties, including the hon. Gentleman's, which plays such an important role and continues to do so.

Mr. Andrew Mackay (Bracknell) (Con): Although it must be right for the Secretary of State to make it absolutely clear that parties associated with violence and criminality cannot play a part in devolved Administration in the Province, does he accept that they cannot hold the democratic process to ransom and that if they do not completely renounce violence and criminality there has to be a point at which we proceed with devolved Administration without them?

Mr. Hain: No individual party and especially no individual group can hold anybody to ransom in Northern Ireland—certainly not the Secretary of State or this Government. We need to find a way forward. We await the statement that has been promised by the IRA, and it needs to be crystal clear that paramilitary activity and criminality has been banished and that that is verifiable, so that we all know that what has been promised—if it is promised—is delivered on the ground.

Mark Durkan (Foyle) (SDLP): Will the Secretary of State acknowledge that the model that he referred to in Derry is an important and valuable one? It was first initiated in dialogue convened many years ago by John Hume as MP, brought forward by mayors of the city and most importantly in recent years taken forward by a credible non-partisan community interest such as the chamber of commerce. That is the lesson for us all. Will the Secretary of State demonstrate his confidence in the prospects for restoring the institutions—not just the devolved institutions, but all those of the agreement—by indicating that temporary direct rule will not take long-term structural and strategic decisions such as on water charges, rating policy and outcomes of the review of public administration?

Mr. Hain: I cannot promise the latter, because we need to govern. We want to see the hon. Gentleman, DUP Members and all those who have been elected to the Assembly producing circumstances in which an Executive are up and running—hopefully with the hon. Gentleman and the hon. Member for Belfast, East (Mr. Robinson) as able Ministers running Northern Ireland, as they were before. That is what we want, but we will not postpone decisions that are in the interests of Northern Ireland.

I very much applaud the hon. Gentleman's role, and that of John Hume before him, in the situation in Londonderry. That model showed that the people of Derry could come together despite their historic differences through dialogue and with the Parades Commission. That is a model for how everybody should resolve these tensions and problems, and let us hope that that lesson is learned for next year too.

Mr. David Lidington (Aylesbury) (Con): May I ask the Secretary of State to pass on to the Chief Constable sympathy and support from, I am sure, the entire House to the police officers who were injured in Belfast while carrying out their duties on behalf of everyone in Northern Ireland yesterday evening? Does the Secretary of State believe that it would be unacceptable for Ministers serving in a devolved Executive in Northern Ireland to refuse to recognise the authority and legitimacy of the courts and the police?

Mr. Hain: In the context of the devolution of policing and criminal justice—something that we would like to see in future years if possible—that is absolutely imperative, otherwise how credible would devolution be and how could it possibly operate? That, however, is in the future. I very much welcome what the hon. Gentleman said about the police officers who were injured at Ardoyne. I believe that more than 60 were injured, a few of them seriously. Of course, our sympathies are with them—they did a very good job in very provocative and difficult circumstances.

Mr. Lidington: The Secretary of State will know that the constitution of the Provisional IRA asserts that the IRA army council is the lawful Government of the entire island of Ireland. Does he therefore agree that part of any IRA response, which we are awaiting, should include a commitment to change its constitution and that statement of objectives so that it is clear that the republican movement accepts the legitimacy of the institutions on both sides of the border? If such a statement and change are not forthcoming, we are at

risk of ending up with what the leader of the Irish Labour party recently described as a "weasel-worded fudge".

Mr. Hain: Words matter a great deal, and the suggestion of a "weasel-worded fudge" is not acceptable. Words matter, but actions matter even more. Across the spectrum, the people of Northern Ireland, having experienced Castlereagh, Stormontgate, the Northern bank robbery, the grisly murder of Robert McCartney, and the whole catalogue of events that have been well documented by the Independent Monitoring Commission such as punishment beatings and the rest of it, will want to know that all that activity has been shut down. That is the important thing. If we can reach that position, as I very much hope we can, Northern Ireland can move forward in the way that we all want.

Punishment Beatings

2. **Andrew Selous** (South-West Bedfordshire) (Con): How many punishment beatings there were in the Province in the latest period for which figures are available. [10653]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Shaun Woodward): The total number of punishment beatings in Northern Ireland, which are usually referred to as "paramilitary-style attacks" and consist of both shootings and assaults, for this year is 109. That is 23 fewer than for the same period last year but, of course, any level of paramilitary activity is too much.

Andrew Selous: But is the Minister aware that the Independent Monitoring Commission figures underestimate considerably the true number of those assaults, because the victims are often far too frightened to report them for fear of further reprisals? People on the estates that are most affected say that the problem is worse than it has ever been. Does he agree that it is incumbent on the leaders of all communities in Northern Ireland, including the hon. Members for Mid-Ulster (Mr. McGuinness) and for Belfast, West (Mr. Adams) to pledge and work publicly to eradicate those beatings and other assaults?

Mr. Woodward: I think that everybody wants a reduction in intimidation and assaults, and we want everyone to co-operate in encouraging people to come forward. I am sure that the hon. Gentleman is right that the figures are an underestimation of the number of assaults that take place. The consequences of those assaults are unbearable for the victims and the families, and we will do everything that we can to encourage a situation in which people who are subject to those disgraceful attacks have the confidence to come forward in future and bring the perpetrators to justice.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): The tragic events surrounding the death of Robert McCartney demonstrate that many paramilitaries see themselves as the law enforcement agencies in their communities. What are we doing to assist the legitimate law enforcement agencies in the Province?

Mr. Woodward: We are doing everything we can to assist the legitimate law enforcement agencies, which includes making it clear that we do not tolerate in any shape or form paramilitary activity, punishment beatings or criminality. I remind the House that the Secretary of State has set a clear objective—that in order to make any progress, there must be a definitive end to paramilitary activity and criminality. That stands and will continue to stand.

Lady Hermon (North Down) (UUP): Will the Minister clarify what additional support the Government are prepared to give to community restorative justice schemes, such as the IMPACT scheme in the North Down constituency, in an effort to reduce and indeed eliminate paramilitary-style beatings?

Mr. Woodward: I am assured by my hon. Friend the Minister of State, who has responsibility for criminal justice, that we are looking at such proposals, including in the hon. Lady's constituency. We are taking her advice on board and hope to be able to report to her shortly.

Lorely Burt (Solihull) (LD): Further to the details contained in the most recent IMC report, can the Minister update the House on the level of ongoing paramilitary involvement in other kinds of criminal and organisational activity, and tell us what action he proposes to take to combat that?

Mr. Woodward: In addressing paramilitary activity, one of the most important organisations that have been put in place is the Organised Crime Task Force, which I chair. This year we were able to report—obviously, this relates to paramilitary activity as well—that 28 top-level organised crime gangs were disrupted or dismantled. We recovered assets totalling nearly £12 million, which were restrained or confiscated. Nearly £10 million worth of drugs and counterfeit goods worth nearly £7 million were seized. We have a programme for next year that will include tackling illegal fuel by a scheme to tighten petrol licensing and more work on the private security industry, which the paramilitaries have tried to infiltrate. We will have a strengthened response to illegal dumping and we will safeguard charities from abuse by establishing a Northern Ireland charity commissioner.

Mr. Laurence Robertson (Tewkesbury) (Con): The whole House would condemn violence from wherever it comes, including from both sides of the divide in Northern Ireland. The Minister is aware that much criminality exists in the Province—mafia-style criminality, aimed at financing the activities of the IRA-Sinn Fein and the activity aimed at control of the streets on the so-called loyalist side. This criminality makes the peace process extremely difficult. What measures can be taken to end such mafia-style operations in the Province?

Mr. Woodward: The hon. Gentleman is right to speak about the dangers of criminality operating in the Province. It would be impossible for us to proceed with any negotiations if we were not able to put on the table the definitive demand for an end to paramilitary activity and criminality. We have increased resources for the

police, the Assets Recovery Agency and all the agencies, intelligence communities included, which are working extremely hard and extremely effectively to deliver an effective response to bring those perpetrating these crimes to justice and to stop those trying to organise crime being successful.

Political Situation

3. **Rosie Cooper** (West Lancashire) (Lab): If he will make a statement on the outcome of his recent meetings with political parties in Northern Ireland on the political situation in Northern Ireland. [10654]

The Secretary of State for Northern Ireland (Mr. Peter Hain): My meetings with all the Northern Ireland political parties have been extremely useful and I hope to intensify this process.

Rosie Cooper: Will my right hon. Friend confirm that no single party in Northern Ireland has the right of veto over the peace process?

Mr. Hain: Indeed. I entirely agree with my hon. Friend, acknowledge her strong and long interest in the affairs of Northern Ireland, and look forward to working with her. We want to get parties working together, not vetoing or seeking to veto efforts to take Northern Ireland forward. We will not allow that to happen. I hope my hon. Friend will be reassured by that.

Dr. William McCrea (South Antrim) (DUP): I trust that the House will not be taken in by the IRA leadership's weasel words about the recent bombings in London—the last bomb to explode in London was planted by the IRA, and its leadership has never condemned that event. Has the Secretary of State asked the IRA-Sinn Fein leadership what it did with the proceeds of the Northern bank robbery? A colleague of the Justice Minister in the Irish Republic has said that Adams and McGuinness were instrumental in organising that robbery.

Mr. Hain: All parties, including Sinn Fein, have condemned the London atrocities. On the Northern bank robbery, the investigations conducted by the PSNI and the security services are still continuing, and some progress has been made. We hope that those investigations will be successful.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): In the next round of talks, will the Secretary of State pick up some of the wider issues such as the environment, unemployment and the business alliance's recent ideas? In addition to residual unemployment, underemployment is a major concern, and perhaps it will increase with the withdrawal of peace funding and other moneys.

Mr. Hain: My hon. Friend is right to say that we must continue to dedicate our energy to ensuring that more jobs are created in Northern Ireland, but he also knows that Northern Ireland has more jobs than at any time in its history under this Labour Government. Unemployment has more than halved, but the level of economic inactivity, which is one of the highest in the United Kingdom, is worrying. We will continue to work with everybody, including those in business circles, to ensure that Northern Ireland has full employment and a competitive economy that can withstand future global pressures.

Belfast Agreement

4. **Mr. Andrew Robathan** (Blaby) (Con): What recent assessment he has made of Sinn Fein-IRA's intentions to abide by the terms of the Belfast agreement. [10655]

The Minister of State, Northern Ireland Office (Mr. David Hanson): The Government await the IRA's response to the April statement by the hon. Member for Belfast, West (Mr. Adams), which called for the organisation to pursue its aims through purely political and democratic activity, as demanded by the terms of the Belfast agreement. I hope that the response will shortly provide credible, verifiable and definitive commitments to that end.

Mr. Robathan: The Secretary of State said that Sinn Fein has condemned atrocities that it committed. Can we cease the fiction that Sinn Fein and the IRA are anything other than a bunch of terrorists whom we cannot trust? Seven years after the Belfast agreement, we should understand that we cannot appease a bunch of terrorists, and we should cease doing so.

Mr. Hanson: The hon. Gentleman has heard the statements by my right hon. Friend the Secretary of State and other Ministers, and he should recognise that the Government's paramount objective is to end criminality and paramilitary activity. That is the purpose of the process, and we will work to that end. When the IRA makes a statement, the Government are committed to ensuring that we have verifiable, positive proof that paramilitary and criminal activity have ended. That is the Government's objective.

Sammy Wilson (East Antrim) (DUP): In a month in which the McCartney sisters have indicated that they are leaving Short Strand because of IRA intimidation, and on the day after Gerry Adams and other leading Sinn Fein members were seen at the forefront of a riot in which unprovoked attacks were made on Orangemen in north Belfast, does the Minister believe that there is any hope of IRA-Sinn Fein and its political leadership adopting exclusively democratic and peaceful means? If not, why does he insist that those political leaders should be included in the Government in Northern Ireland?

Mr. Hanson: As I have said, the Government's prime objective is to ensure that we end criminal and paramilitary activity. I pay tribute to the McCartney sisters and their courageous behaviour in Belfast. We must end the murders, the shootings and the beatings, which are not acceptable in a democratic society. It is our duty to try to reintroduce devolved Government, which is both our objective and the purpose of discussions that take place in Government every day of the week. *[Interruption.]*

Mr. Speaker: Order. Will the House come to order?

Unemployment

7. **Mr. David Anderson** (Blaydon) (Lab): If he will make a statement on levels of unemployment in Northern Ireland. [10658]

The Parliamentary Under-Secretary of State for Northern Ireland (Angela E. Smith): A strong and stable economy and policies such as the new deal have led to unemployment falling by more than 50 per cent. Seasonally adjusted figures from the labour force survey for the period March to May 2005 estimate that 38,000 people are unemployed in Northern Ireland and that the unemployment rate is 4.9 per cent.

Mr. Anderson: I thank the Minister for that positive response. Does she agree that the proposals for public service reform could have an impact on the level and conditions of employment in Northern Ireland? Does she agree that early and positive meetings with trade unions in Northern Ireland would commit to full implementation of the Warwick agreement, as agreed in the manifesto, in Northern Ireland?

Angela E. Smith: My hon. Friend has considerable experience and a good track record on these issues. I assure him that I regularly meet the trade unions, particularly on areas of public service reform. The Warwick agreement was very wide and there are different legislation issues in Great Britain and Northern Ireland. However, I give him an absolute commitment that as we take forward matters that impact on public sector employees we will want to ensure that workers in Northern Ireland are not left behind. I guarantee that I will meet the trade unions on this issue.

Mrs. Iris Robinson (Strangford) (DUP): Will the Minister indicate what steps she is taking to replace the thousands of jobs lost by those in my constituency who were employed in manufacturing? Will she spell out what initiatives Invest Northern Ireland is engaged in to attract jobs into Strangford?

Angela E. Smith: We have several initiatives. Invest Northern Ireland has worked very hard with employers looking to bring in investment. The Bombardier initiative will have an impact across Northern Ireland in providing jobs. It is important that when we work with Invest Northern Ireland and small businesses in providing training and skills—I have met a number of people undertaking such programmes—we ensure that everybody in Northern Ireland can share in the prosperity as we continue on the track of providing employment.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [11627] **Keith Vaz** (Leicester, East) (Lab): If he will list his official engagements for Wednesday 13 July.

The Prime Minister (Mr. Tony Blair): I am sure that the whole House will join me in continuing to send our deepest sympathy to the families of the victims of last Thursday's attacks, who must be suffering appalling distress at this time. They are in our thoughts and prayers.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Keith Vaz: There has been a profound sense of unity in Britain since the events of last Thursday. The Prime Minister has rightly said that he will use every effort to ensure that the perpetrators and planners of these terrorist attacks are brought to justice, and he will have our full support in doing so. Is he aware that in the past seven days there have been more than 100 reported race hate attacks on members of the British Asian community? Will he ensure that he and his Ministers take every step necessary to bring the perpetrators of these attacks to justice, and that no individual or organisation will be allowed to imperil the diverse and multicultural society that is Britain today and which is the envy of the world?

The Prime Minister: I am sure that the whole House will agree with the sentiments that my hon. Friend has outlined and expressed. Perhaps before I come to his point I should say a word of congratulations to our police and security services on the magnificent work that they have done. As I saw for myself when I visited their joint operations, they have in place an extraordinary system that should give people a lot of heart and hope.

I should also say to the House that the number of confirmed dead still stands at 52. There are some 50 injured in hospital, of whom 12 are in intensive care.

I would simply say to my hon. Friend that I entirely agree as to what he says in respect of the unity of the country and in condemning utterly any attacks against innocent members of our community.

Mr. Michael Howard (Folkestone and Hythe) (Con): I am sure that I speak for the whole House when I join the Prime Minister in expressing our sympathy to those who have suffered such terrible losses, and in the congratulations that he has offered to the police and the security services on the outstanding work that they have carried out following last week's tragic events.

What we now know is appalling to contemplate. It will take us a long time to come to terms with the fact that these atrocities appear to have been committed by those who were born and brought up in our midst. Does the Prime Minister agree that those responsible for last week's carnage were not acting in the name of Islam but were perverting its teachings? Will he join me and the hon. Member for Leicester, East (Keith Vaz) in condemning the attacks that have taken place on mosques? Is it not the case that anyone who reaches for a stone to throw at the window of a mosque and anyone who nurtures resentment against our Muslim community is the enemy of us all, because they would be acting in the way the terrorists want us to act, thus helping them to achieve their objective of dividing us one from another?

The Prime Minister: Once again, I thank the right hon. and learned Gentleman for his strong and supportive stance. I believe that it has brought a lot of comfort to people in the country to know that the main political parties are together on the matter. I agree that there will be a sense of profound shock and anxiety in the country about what has happened, and a need and a willingness to act.

I should like briefly to address four aspects of action that we need to take. First, in accordance with the timetable to publish new anti-terrorism legislation in the autumn, we intend to begin the process of consultation with the other main parties in the next couple of weeks. As we have already said, the legislation will focus on the measures that the police and security services say are necessary. It will focus especially on measures to combat the incitement and instigation of terrorism as well as the acts themselves. Meanwhile, we will use control orders when necessary under existing legislation.

Secondly, we will look urgently at how we strengthen the procedures to exclude people from entering the United Kingdom who may incite hatred or act contrary to the public good, and at how we deport such people, if they have come here, more easily. However, again, we want to consult fully on any measures or procedures undertaken.

We all know that security measures alone will not tackle the problem. We are dealing not with an isolated criminal act but with an extreme and evil ideology, the roots of which lie in a perverted and poisonous misinterpretation of the religion of Islam. Thirdly, therefore, as was urged upon me this morning by our Muslim Members of Parliament, whose leadership and good sense I praise, we will seek to debate the right way forward in combating that evil in the Muslim community with Muslim leaders. We intend to begin that process immediately. In the end, only the community itself can take on and defeat it, but we can all help and facilitate. We will do so, and I am pleased that the Leader of the Opposition has kindly indicated his willingness to participate in such a dialogue. I hope that other leaders will do so, too.

Fourthly, we are talking to other nations, Muslim and non-Muslim, about how to mobilise internationally the moderate and true voice of Islam. Such action is taking place around the world, but we need to ascertain how it can be better co-ordinated, publicised and driven through.

Meanwhile, and finally, I ask for the same measured and calm response from the country that has characterised it since last Thursday. We are considering a small group of extremists. It cannot be ignored because of the danger it poses, but it should not define Muslims in Britain, who are overwhelmingly law-abiding, decent members of our society. We condemn any attacks against them unreservedly.

Mr. Howard: I am grateful to the Prime Minister for that answer. I welcome his decision to meet the leaders of the Muslim community, and, as he said, I have accepted his invitation to join in those meetings. We also stand ready to work through, with the Government, their legislative proposals and, more generally, the security implications of what we now know.

Does the Prime Minister agree that the peril that we face extends far beyond our shores, has taken the lives of countless Muslims and is part of a criminal conspiracy to destroy our shared way of life? What scope does he envisage for greater international action to deal with the terrible danger that we face?

The Prime Minister: Again, I agree entirely with the right hon. and learned Gentleman. It is my intention later today to issue a list, which we have been able to put together pretty quickly, of different attacks that have taken place round the world. It excludes attacks in Iraq or Afghanistan, but includes those virtually from the attack on the World Trade Centre in February 1993 onwards. People have been able to see that this process stretches back many years. It encompasses many different countries and thousands of people have been victims of it.

It is heartening, as the right hon. and learned Gentleman implies, that there is a sense in the international community in the Muslim world that this issue has to be taken on. I know of conferences that have either just taken place or are taking place in Jordan, Egypt, Saudi Arabia and Indonesia, for example. Such countries are now focusing clearly on how the ground may be recaptured for moderate Islam, which is the true voice of Islam, as we know. It is our intention to see what help and support we can give. We are having discussions not only with those Muslim countries but with others as well to determine how we can get real international support and an understanding of how important the issue is, so that, in the countries where the roots of this sometimes grow, through twisted teaching and through the violence that is taught to young people at a very early age, we can pull up this evil ideology by its roots. It is important, particularly after the shock of discovering that those who perpetrated this were born and brought up in this country, that we recognise the worldwide dimension of this, and the need therefore to tackle it internationally.

Mr. Shahid Malik (Dewsbury) (Lab): Does the Prime Minister share my assessment that yesterday's events represent the most profound challenge yet faced by the British Muslim community? Condemnation is not enough, and British Muslims must confront the voices of evil head on, as I believe they are prepared to do. Does my right hon. Friend share my belief that, rather than dividing us, these evil voices will serve to unite the British people in our resolve to deal with them? This is a defining moment for this country. Does the Prime Minister share my confidence that the Muslim community and the wider community will play their role, and that they are equal to the challenge? I can assure him that my constituency of Dewsbury will not be found wanting in that regard.

The Prime Minister: I thank my hon. Friend for that; it is particularly important that he has stood up in the House today and said it. It will give heart to people not only in the Muslim community but beyond it in this country.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): I too reiterate the shared sense of deep sympathy for those suffering distress as a result of the loss of their loved ones last week. May I also add my voice to the congratulations to the police on the fine work that they have done? We all undoubtedly share a sense of national

dismay that these terrorists were British, and it is incumbent on all of us to keep stressing the fact that the vast majority of British Muslims totally condemn the bombings that took place in London last week. It certainly makes sense now for the three party leaderships to stand as one with the Muslim community on that basis, and in so doing, for us all to demonstrate together that this is an issue not for members of the Muslim community alone, but for all of us who share this country and who share British citizenship with them.

The Prime Minister: Obviously I agree with those sentiments. It is important that we all stand together at this moment.

Mr. Kennedy: Following what the Prime Minister said in the House on Monday, I thank him for amplifying today that he will consider on a cross-party basis any further anti-terrorism legislation, including measures covering acts preparatory to terrorism, that might be brought before the House. As part of our presidency of the European Union, the Home Secretary is today very sensibly chairing a special meeting of his opposite numbers in Brussels, at which he hopes to reach agreement on the retention of e-mail and phone data as part of any anti-terrorism legislation. Leaving aside the merits of what the Home Secretary is pursuing, how confident are the Government that he will have the support of the other European Governments, and that the service providers will have the capacity to store the data that will be required?

The Prime Minister: I am confident that other European countries, the majority of which face the same type of threat, will be supportive. I am sure that they will be. The exchange and retention of data are a very important part of dealing with the issue. As I saw at the joint operations centre, it is absolutely vital that we receive co-operation from intelligence services across the board to defeat such terrorism. Links are seldom confined to one country—wherever those who engage in terrorist acts come from, they have almost always had strong links with the outside world.

Q2. [11628] **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): I, too, commend and praise the police and security services for their swift and effective identification of the evil extremists who brought death and misery to our streets last week. Will the Prime Minister join me, however, in condemning those right-wing extremists in the British National party, in Barking and elsewhere, who are cynically and sickly trying to exploit people's tragedy, anguish and understandable anger over the barbaric attack in order to score cheap but dangerous political points? Does not the British National party shame itself and slur the word "British"?

The Prime Minister: I agree with my hon. Friend's sentiments. If we are right in saying that these terrorist attacks are an attack on our way of life, it is most important to say that part of our way of life is tolerance and respect for other people of different races, religions and faiths. It is therefore particularly revolting for anyone to try to exploit these attacks for the purpose of racism.

Q3. [11629] **Mr. Julian Brazier** (Canterbury) (Con): The tube terrorists were British, but does the Prime Minister agree that many of those who organise terrorist training, build terrorist bombs and preach a message of hate from British pulpits have come in from abroad? Will he further agree that it is both unfortunate and unacceptable that Parliament should be forbidden by the highest court in this country from distinguishing between its handling of British citizens on the one hand, and the arrangements that it makes for foreign terror suspects who claim asylum in this country on the other?

The Prime Minister: It is important that we recognise that this issue has a series of different dimensions. One dimension is of those abroad who try to instil and inculcate this extremist ideology and fanaticism in people, and another is of people who come here to preach it. We must deal with every single aspect of it. That is also a reason why the idea of developing electronic borders, which will allow us to track more carefully people coming into our country, which we are undertaking now and which will take some time to build up because of the technology involved, will be essential in the medium term to protect the integrity of our borders.

Q4. [11630] **Mr. Brian H. Donohoe** (Central Ayrshire) (Lab): My right hon. Friend will be aware that our right hon. Friend the Chancellor told European Finance Ministers yesterday that they must step up their actions to seize terrorist assets—a move, I think, that will be supported by the whole House. Those same sentiments, however, were expressed following the terrorist attacks in Madrid last year. What action is the EU taking now to ensure that all member states have in place the powers to freeze the assets of those terrorist organisations?

The Prime Minister: As my right hon. Friend the Chancellor said yesterday, we have taken action against some 45 different individuals and groups to freeze their assets. He rightly said yesterday that there can be no hiding place for the terrorists and those who finance them. It is fair to say that co-operation has increased tremendously across Europe over the past few years. In particular, I commend the help that the Spanish police and authorities have been giving us. It is also true that that now needs to be stepped up, because the threat, as people can see, is very real.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): May I associate myself fully with the expressions of condolence and sympathy from the Prime Minister earlier, and on behalf of Plaid Cymru and the Scottish National party fully support the Government in their efforts to bring to justice the awful men and, I presume, women who are responsible for the attack?

On an entirely separate matter, which is quite urgent, will the Prime Minister intervene personally to alleviate the problems of many licensees in Wales who have availed themselves of the right, under the Welsh Language Act 1993, to submit forms through the medium of the Welsh language? The deadline is 6 August and no such forms exist. Is the Prime Minister not a little discomfited that 12 years since the passing of that Act, the Department for Culture, Media and Sport,

of all Departments, has no Welsh language scheme? Does he not now agree that there is a need for a proper, new and robust Welsh language Act?

The Prime Minister: I will look into what the hon. Gentleman says, but I understand from my right hon. Friends the Secretaries of State for Wales and for Culture, Media and Sport that urgent discussions are taking place on this issue.

Q5. [11631] **Michael Connarty** (Linlithgow and East Falkirk) (Lab): While echoing the sentiments expressed on terrorism, may I, too, turn to another topic? Is the Prime Minister aware of the continuing concern of hard-working public servants, particularly teachers and local government employees, that the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2004, which were laid before the House last year, have not yet been revoked? Will the Prime Minister give the House and those public servants an assurance that the regulations will be revoked as soon as possible, that no changes will be made to the pension rights of public servants and teachers until full negotiation takes place with the public sector trade unions, and that, should we get rid of final-salary pensions and bring in pensions based on average earnings, that arrangement will be binding on this House and on Ministers of the Crown?

The Prime Minister: I understand that a statement about changes to the regulatory scheme is being made today. I entirely agree, as do all the stakeholders involved, that local authority employees should have a good quality, stable and viable pension scheme. The question is how to do that and how to get the balance right between cost of provision to employers and to the taxpayer, and the value of the benefits to scheme members who pay fixed contributions. That is exactly the issue that we are addressing in the statement later today. I know, however, that my right hon. Friend the Deputy Prime Minister's tripartite committee is ensuring the full involvement of local authority employers and trade unions. I doubt whether we will be able to satisfy everybody on this issue, but we are doing our level best to find the right balance.

Q6. [11632] **Bob Spink** (Castle Point) (Con): My constituent, Joseph, a little boy with complex learning and medical problems, was not suited to mainstream education. He was ostracised by other children, became very poorly and at the age of only eight, he tried to kill himself in order to escape his misery. He is now at Cedar Hall special school, where he is thriving in every possible way. He is happy now. Does the Prime Minister think that special schools are worth keeping? Does he think that the Government's audit of special schools is serious, given that they are being closed, and will he look into the funding of Cedar Hall special school and ensure that it is retained?

The Prime Minister: Of course I value special schools. The question of whether to close a particular school or how to make such provision is decided through the local authority, and I assume that the hon. Gentleman's local authority—[HON. MEMBERS: "Tory"]—is Essex county council, so he can make representations to it about how provision in the area works. But let me make absolutely clear my own view, which is that there will be circumstances in which the right thing for the children is to integrate them in mainstream schooling; however, I totally agree that, equally, there will be situations in which that is quite the wrong thing to do. Both types of provision have to be available, therefore, but I really do believe that the best mix is better determined locally, rather than nationally.

Q7. [11633] **Dr. Brian Iddon** (Bolton, South-East) (Lab): Here in London on 26 May, my right hon. Friend made a speech during which he said that Europe

"often seems to want to regulate too heavily without sufficient cause".

He quoted the food supplements directive as an example. In the light of yesterday's very disappointing ruling from the European Court of Justice, and bearing in mind the fact that Britain now holds the EU presidency, will my right hon. Friend be making representations in Europe so that we can continue to sell safe and popular food supplements on the shelves of British food stores?

The Prime Minister: We will certainly do our best to ensure that that is the case. I can tell my hon. Friend that I understand that the Food Standards Agency has given derogations to some 500 different substances. I would also say that it is important that any control regime should be extremely light touch, and we are doing our level best to make sure that that is the case. In addition, there is the issue of maximum dosages, which it is also important for us to handle in a way that accords with common sense rather than a somewhat exaggerated view of the dangers.

Q8. [11634] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): Our NHS is obviously the envy of the world and we should congratulate all those who worked so hard last week in the wake of the terrorist activity. Is the Prime Minister aware that many of the hospital trusts in south-east London are overspent and running out of money? Why does he think that is happening: what is he planning to do about it; and will he reassure patients that services will not be cut?

The Prime Minister: It is worth pointing out that the actual amount of deficit compared with the amount of money going into the health service is very small indeed. In fact, the deficits are far below what they were in the mid-1990s, for example, and I would like to point that out to the hon. Gentleman. In addition, as a result of the extra investment in the NHS, waiting lists in his and other areas have come down, as have waiting times: more people are being treated and more people are being treated better. Without re-running the arguments of a few months ago, it is surely the case that we have got the NHS improving only as a result of the extra investment plus the change. The worst thing that we could do, of course, would be to reverse those policies.

Q9. [11635] **Mr. Neil Turner** (Wigan) (Lab): The events of last Thursday overshadowed the elation that we all felt on Wednesday when it was announced that London would host the 2012 Olympic games. One of the reasons why we were awarded those games is that we stressed that they would be for the benefit not just of this country

but of the whole world. Will my right hon. Friend share his initial thoughts on how he intends to ensure that the benefits of the games are spread to places such as Wigan and, indeed, throughout the whole country?

The Prime Minister: I have to be careful about what I promise my hon. Friend in relation to the Olympic facilities. We are determined to ensure that the legacy of the Olympic games will accrue not just to the benefit of London, though a whole area of London will be regenerated. As a result of our success, there will be sports facilities all over the country. One of the reasons why our bid was so strong and ultimately successful is that we made it clear that the Olympic games of 2012 would leave a legacy not just for the Olympic movement, but for our country and for sport in our country. That was one of the principal reasons that swung the bid our way.

Q10. [11636] **Mr. Christopher Chope** (Christchurch) (Con): The Prime Minister's answer on the vitamins directive simply will not wash with the 1 million people who signed a petition against it. Does the Prime Minister remember that on 26 May he described this directive, albeit belatedly, as

"unnecessary interference . . . wholly out of proportion to the risks run."?

If the Prime Minister is not to be regarded as impotent, will he tell us what action he is taking in that regard?

The Prime Minister: I thought for a moment that the hon. Gentleman was about to suggest a vitamin! What is important here is to make sure that, in respect of existing legislation, things are done in a very light-touch way, which we will do. However, there is still a further stage, which is connected with the business of maximum dosage. That is where it is important to ensure that we do not end up with a situation in which the action taken is wholly disproportionate. That is what we will be working towards.

Mr. John Denham (Southampton, Itchen) (Lab): While I welcome what my right hon. Friend has said about the fight against terrorism, will he acknowledge that during the last few years there has been a series of reports that have set out both the symptoms and the causes of alienation among Muslim young people? While it would be crass in the extreme to suggest a direct cause-and-effect link between the two, is it not the case that extremists fish for a few vulnerable people in that pool of alienation? Will my right hon. Friend tell the House today that he will look again at the evidence of the challenges facing young Muslim people and assess the response that is necessary not just from within the Muslim community, but from the majority community as a whole?

The Prime Minister: What my right hon. Friend says is right, and that is precisely what we will do. The point that I was trying to make earlier is the one that my hon. Friend the Member for Dewsbury (Mr. Malik) also made very well. It is that there is sensible leadership in the Muslim community that is prepared to stand up and be counted and take on the extremists. It is important that those people do that, but my right hon. Friend is right to say that it is also important that the rest of us get behind them and support them. We must study the reasons and causes behind what has happened, but I fear that it is not something that can be dealt with just by our country alone. When we look at the network of extremism that now exists right around the world and the means of communication that terrorists have, it is clear that, although we must deal with the problem in our own community, it will not be resolved finally until it is dealt with in every community in which it is incubated. That is what happens: young people get indoctrinated in an extreme and poisonous version—and perversion—of the religion of Islam, but nonetheless we must confront the fact that it exists.

Primary Schools (Reading)

Q11. [11637] **Mr. Lee Scott** (Ilford, North) (Con): If he will make funding available for two new primary schools in the London borough of Redbridge.

The Prime Minister: As my right hon. Friend the Chancellor of the Exchequer set out in his Budget statement, the Government have provided unprecedented investment for primary schools in England. That is part of a total school building programme that is six times as large as it was in 1996–97.

Mr. Scott: The residents of Ilford, North and Redbridge will be disappointed by that answer. *[Interruption.]* Will the Prime Minister please ask the Secretary of State for Education and Skills to look into this as a matter of urgency?

The Prime Minister: Well, if they are disappointed by that, it is hard to imagine what they must have felt like in 1996–97. A major school building and refurbishment programme is under way over the next few years. That is why it is so important that we keep the investment going into our school system, and why it is such a shame that the Opposition voted against it when we proposed it.

BILL PRESENTED

CLIMATE CHANGE

Mr. Michael Meacher, supported by Mr. Tim Yeo, Norman Baker, Mr. John Gummer, Robert Key, Vera Baird, Joan Ruddock, Emily Thornberry, Tony Lloyd, Andrew George, Mr. Martin Horwood, and Mr. Mike Weir, presented a Bill to combat climate change by setting annual targets for the reduction of carbon dioxide emissions until 2050; to place duties on the Prime Minister regarding the reporting on and achievement of those targets; to specify procedures to be followed if the targets are not met; to specify certain functions of and provide certain powers to Members of Parliament with regard to ensuring carbon dioxide emissions are reduced; to set sectoral reduction targets and targets for energy efficiency, the generation of energy from renewable sources, combined heat and power and microgeneration; and for connected purposes. And the same was read the First time; and ordered to be read a Second time on Friday 10 March 2006, and to be printed. [Bill 43].

Green Belt Reform

12.32 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): I beg to move,

That leave be given to bring in a Bill to make provision about the Green Belt; and for connected purposes.

It was in 1955 that the then Government first encouraged local authorities to establish green belts around our main cities. Over the past 50 years, green belts have become the best known and the most popular of this country's planning policies, yet today they are under greater pressure for development than ever before.

Every year, 2,400 acres of green belt are developed on. In my constituency, 1,500 acres are under threat from one development. My Bill would reform our green belts, re-establish their permanence and thereby encourage much needed urban renewal. I am delighted to say that my Bill has secured support from hon. Members of all the main political parties in this House. My aim is simple: to ensure that green belt policy continues to shape the environment and our communities for the next 50 years.

Despite what some people may assume, green belt land makes up just 13 per cent. of England. The largest single example with which hon. Members will be familiar is the metropolitan green belt, which has prevented London from sprawling right across the south-east. It has protected thousands of acres of countryside and preserved the rural habitat for many thousands of indigenous wildlife species. In many ways, however, the green belt is more important for the way that it shapes our towns and cities by providing natural and permanent limits to them. That limit has stimulated a myriad urban renewal schemes, by encouraging the reuse and regeneration of neglected city land. By creating that natural boundary to our cities, we have been able to prevent the ugly, urban sprawl that sadly characterises some foreign cities—a sprawl that sucks the life out of city centres and generates needless commuter journeys every working day.

For example, without a green belt, Birmingham would have spread out across the Meriden gap to merge with Coventry and elsewhere with Kidderminster, Lichfield and Tamworth. The green belt in the midlands has encouraged the reuse of brownfield land and helped those communities to keep their individual character. I maintain that green belts put the heart back into our cities, by stimulating their renewal.

Unfortunately, our green belts are today shrinking in the face of enormous pressure for development. The latest figures show that since 1997, 284 acres have been developed in the south-west; more than 1,000 acres have been built on in the south-east; and, every year, an area of more than 15 square miles is developed on green belt land. That is the equivalent of the city of Lincoln.

What has gone wrong? After all, there has always been development pressure from developers and investors, but they are now targeting green belt sites far more. What has changed? The answer lies in a subtle but significant change in policy. Two years ago, the Government published a new set of planning guidance.

Instead of reaffirming the permanence of land already designated, they focused on the total acreage. Thus the Deputy Prime Minster has said that he would

"maintain or increase green-belt land in every region in England."—[*Official Report*, 5 February 2003; Vol. 399, c. 275.]

However, that differs from the original policy. In a county such as Hertfordshire, it means that land can be released for development if land elsewhere in the region—near Peterborough, for example—is rebadged as green belt. As hon. Members will realise, that entirely undermines the idea of a permanent green belt that shapes a city. Indeed, what it leaves us with is more like an elastic band, something that is continually stretched as more and more development is forced in. The irony is that the Government's plans for urban renewal are undermined, because developers and investors know only too well that all they need to do is to wait for the greenfield sites to be developed and ignore the awkward neglected city sites.

It is time to reverse that policy change and get rid of the elastic band. I wish to re-establish, in law, the permanent character of green belt land and, with it, the benefits of urban renewal and protection of the countryside. My Bill would seek to reverse the changes of 2003, to make the policy site-specific again, and to ensure that the boundaries of green belt land are clear and permanent. More land could then be designated, but that would not mean that other land could be released for development as a quid pro quo. The result would be to strengthen significantly the protection of our countryside and to help to shape our towns and cities. In a way, it would encourage the often ingenious minds of developers and investors to think how they could reuse a neglected site or develop land that has been overlooked. It would also end much of the current green field speculation in which people are being conned by the unscrupulous, who market plots of green belt land for tens of thousands of pounds on the internet.

Fifty years on from their conception, green belts are still the most effective and popular means we have of protecting our countryside and renewing and revitalising our towns. Green belts have stopped urban sprawl; kept neighbouring towns independent; and have given us all close to hand the open countryside that is so vital to our health and wellbeing.

We need to reform our green belt policy, to restore permanent boundaries and character, and I am delighted to be supported by Members not just from my own party but on both sides of the House, not least because they hope and believe, as I do, that by reforming our green belts we can ensure that they continue to shape our communities and the environment for another generation.

Question put and agreed to.

Bill ordered to be brought in by Mr. Mark Prisk, Colin Challen, Dr. John Pugh, Andrew Selous, Mr. Robert Syms, Mr. Andrew Lansley, Mr. Mark Lancaster, Anne Main, Philip Davies, Mr. James Gray, Mr. Stephen O'Brien and Mr. Edward Vaizey.

GREEN BELT REFORM

Mr. Prisk accordingly presented a Bill to make provision about the Green Belt; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 16 June, and to be printed [Bill 44].

Business of the House

Mr. Speaker: Before I call the Leader of the House, it may be helpful if I say something about the arrangement of today's business. If the Leader of the House's business motion—item 3 on the Order Paper—is agreed to, we will begin a single debate covering motions 4 to 40. It will be in order in that debate to discuss the general question, how the House selects the membership of its Committees, as well as the particular proposals in the motions. At the end of four and a half hours the Chair will put the question on each of the motions in turn.

A notice of my selection of amendments is available in the No Lobby and the Vote Office in the normal way. When we reach a motion to which an amendment has been selected, the occupant of the Chair will invite the Member concerned to move the amendment formally, and the House will decide first on the amendment and then on the motion, amended or not as may be the case.

When all the questions on motions 4 to 40 have been disposed of, the House will begin a separate one and a half hour debate on motions 41 to 44, relating to Standards and Privileges.

12.43 pm

The Leader of the House of Commons (Mr. Geoffrey Hoon): Before I move the motion, I mention for the benefit of right hon. and hon. Members that I have arranged for a book of condolence to be placed in the Library and if Members want to sign it, as I hope they will, it is now available.

I beg to move,

That, at this day's sitting, the Speaker shall put—

(a) the Questions necessary to dispose of proceedings on the Motions in the name of Mr Geoffrey Hoon, Mr Bob Ainsworth and Rosemary McKenna, other than those listed in paragraph (b) of this Order, not later than four and a half hours after the commencement of proceedings on the Motion for this Order, and

(b) the Questions necessary to dispose of proceedings on the Motions in the name of Mr Geoffrey Hoon and Mr Bob Ainsworth relating to standards and Privileges, Parliamentary Commissioner for Standards, Committee on Standards and Privileges and Standards and Privileges (Nomination) not later than one and a half hours after the commencement of proceedings on the first Motion; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.

I thank you, Mr. Speaker, for helpfully summarising my entire speech on the issue so, to save time, I do not intend to repeat it. It is important that we are able to debate the items set out in motions 4 to 40, followed by a separate debate on Standards and Privileges covering motions 41 to 44.

It is in the interests of the House that we agree the motion swiftly and get on to those important debates. I commend the motion to the House.

12.44 pm

Chris Grayling (Epsom and Ewell) (Con): I thank the Leader of the House for establishing a book of condolence, which is entirely appropriate.

I do not have much to add to the right hon. Gentleman's remarks, except that I am glad that the debate is not being artificially guillotined, as often happens, and that we can have a full debate about a wide range of directly linked issues. Let us get on with the main debate.

Question put and agreed to.

Committees

Administration Committee

12.44 pm

The Leader of the House of Commons (Mr. Geoffrey Hoon): I beg to move,

That Standing Orders Nos. 139 (Select Committee on Broadcasting) and 142 (Domestic Committees) be repealed and the following be a Standing Order of the House:

"Administration Committee

(1) There shall be a select committee, to be called the Administration Committee, to consider the services provided for and by the House and to make recommendations thereon to the House of Commons Commission or to the Speaker. Any such recommendation whose implementation would incur additional expenditure charged to the Estimate for House of Commons: Administration shall also be considered by the Finance and Services Committee.

(2) The committee shall make rules and give directions to Officers of the House in respect only of such administrative matters as may from time to time be determined by the Speaker or by the House of Commons Commission.

(3) The committee shall consist of not more than 16 Members, of whom five shall be a quorum.

(4) The committee shall have power—

(a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;

(b) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference; and

(c) to communicate its evidence to the House of Commons Commission.

(5) The committee shall have power to appoint sub-committees and to refer to such sub-committees any of the matters referred to the committee and to delegate to such sub-committees any of the powers delegated to the committee under paragraph (2) above.

(6) Any such sub-committee shall have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, and to adjourn from place to place, to report from time to time the minutes of their proceedings, and shall have a quorum of three.

(7) The committee and any sub-committee appointed by it shall have the assistance of the Officers of the House appropriate to the matters under consideration.

(8) Unless the House otherwise orders, each Member nominated to the Committee shall continue to be a member of it for the remainder of the Parliament.

Mr. Speaker: With this it will be convenient to consider motions 5 to 40.

Mr. Hoon: We have before us in this afternoon's first debate 37 motions that relate to the reappointment of the Select Committees and related matters and to the payment of the Chairmen of Standing and Select Committees. In respect of several motions, explanatory memorandums have been made available in the Vote Office. I hope that they have been of assistance to hon. Members.

I shall start with the first proposal on the creation of an Administration Committee. The motion provides for the Domestic Committees—the Accommodation and Works, Administration, Catering, Information and Broadcasting Committees—to be replaced by a new, single Administration Committee. I believe that to be a

sensible modernising measure. There is a widespread view that the existing structure of the Domestic Committees has become outdated. Convergence in technology makes it no longer appropriate to have separate Broadcasting and Information Committees, for example. There have been occasions when an issue that cuts across more than one Committee has been delayed because the decisions taken by one Committee have had to wait until another Committee has met. A single Committee should allow a more efficient approach, thus ensuring better Member oversight of the services provided throughout the House.

Mr. Graham Allen (Nottingham, North) (Lab): Before the Leader of the House gets too far into the detail of all these motions, will he address an item of principle? It is the role of the House to create departmental Select Committees, whose role is to hold the Government to account. Does he not feel that it is bordering on the politically corrupt for the Government to have such an important influence on selecting the members of those departmental Select Committees? Will he therefore take the chance, after today's debate, to look again at involving Members on both sides of the House in considering whether we could have a better system, perhaps one that involves the election of the members of departmental Select Committees by their colleagues in the House, rather than one that persists in allowing the very organisation that is meant to be scrutinised to have the right to put Members on to the departmental Select Committees of the House?

Mr. Hoon: I disagree with my hon. Friend, not least because the great strength of our Select Committee system is that it reflects the great strength of our political party system both in the House and in the country. It is a matter for the political parties represented in the House to determine the appropriate allocation of Members to the Select Committees. I do not know whether he was present at the most recent meeting of the parliamentary Labour party, where it was made clear that an inordinate amount of time had been spent on transparently and fairly selecting the Labour party's representation. I obviously cannot speak for other political parties in the House, but his own political party went to a great deal of trouble to ensure that the nominations were in accordance with the principles of the Labour party. In those circumstances, I do not believe that he can complain that proper democratic procedures have not been adopted. Those are the proper democratic procedures of his and my political party.

Sir Nicholas Winterton (Macclesfield) (Con): May I perhaps come partly to the aid of the Leader of the House? He will be aware that the Modernisation Committee, which I have no doubt he will be chairing shortly, has considered this matter. Although its recommendations were very narrowly defeated in the House, I am confident that the matter will come before the Modernisation Committee again, and I hope that he is happy that it should do so, so that the House can consider the important matter raised by the hon. Member for Nottingham, North (Mr. Allen).

Mr. Hoon: I am always grateful for all the help that I can get, particularly from such a distinguished source, but it is important that the will of the political parties is reflected in the way in which Select Committees are appointed. I believe that that is carried out with very commendable concern for democracy and the principles of democracy that inform the House.

Mr. Gordon Prentice (Pendle) (Lab): My friend will know that the parliamentary committee of the parliamentary Labour party decided that people who leave the Government—ex-Ministers—should not seamlessly transfer to take up the chairmanship of Select Committees. Does my friend agree with that?

Mr. Hoon: I have made it quite clear that, as Leader of the House, I am not responsible for the internal workings of the political parties represented in the House. I happen to have information available to me because my membership of the Labour party means that, unlike Opposition Members, I am able to attend such distinguished gatherings. However, the principle is a matter for the Labour party. It is not a matter for the House, and thus not a matter for the Leader of the House.

Bob Spink (Castle Point) (Con): While the Leader of the House is indulging in tidying up some of these matters, will he explain exactly why a motion relating to the Science and Technology Committee is not on the Order Paper today so that that Committee can be debated along with the other Committees.

Mr. Hoon: If the hon. Gentleman will allow me to get to that part of my observations, all will become clear—I hope.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Although I do not want to pry too much into the activities of the PLP, we have just been told that it has come to the decision that somehow ex-Ministers cannot automatically chair Select Committees. Does the Leader of the House think that a similar rule should apply so that if Select Committee Chairmen were invited to join the Government, they should refuse?

Mr. Hoon: The right hon. Gentleman makes an excellent point. It is important, however, that I do not go beyond my responsibilities to the House as Leader of the House. It is also important that I make a little progress.

Mr. Allen: The serious point that I was trying to put to my right hon. Friend was that if the House agrees to some of these motions today, we will have four years to consider the matter before it comes round for decision again. Will he consider whether it will be possible to have a discussion, under either his own auspices or those of the Modernisation Committee, to determine whether we can do this better next time?

Mr. Hoon: I am sure that the Modernisation Committee, once established, will want to consider a range of issues, and that might well prove to be one of them. I know that my hon. Friend will pursue the matter with considerable tenacity, as he has done in the House over many years, so I look forward to receiving a letter in due course.

John Bercow (Buckingham) (Con): If the right hon. Gentleman wants to assert to the House that his party has a relatively transparent and democratic means of determining the membership of Select Committees, it is important that the procedure should not be secret. I do not want it to be shrouded in opacity, so will he tell us exactly how the parliamentary Labour party—I am happy to debate my own party's conduct on these matters—determines membership of Select Committees?

Mr. Hoon: This sounds like one of those childhood games of "you show me yours first". It is not necessarily appropriate at this stage to engage in an internal debate about how political parties make decisions. I have dealt with the point already, so it is time for me to move on to deal with the fascinating question of the terms of reference of the new Administration Committee.

Mr. Alan Williams (Swansea, West) (Lab): Does the Leader of the House agree that if the whole House were involved in the selection of Committee members, it could work to the disadvantage of scrutiny because the majority in the House could impose the Committees that it wanted on the minority? All parties in the House, especially those in opposition, have the prime responsibility to have as effective a system of scrutiny as possible.

Mr. Hoon: My right hon. Friend makes an extremely good point and allows me to return to the fascinating discussion into which I was about to enter on the terms of reference of the new Administration Committee. The terms of reference will reflect those of the Domestic Committees, the only significant difference being that the function of the Committee will be to consider services provided by, as well as for, the House, which will explicitly allow it to consider services provided for the public. Improving the way in which the House communicates with the public is a crucial matter that we must address in this Parliament.

Mr. Michael Jack (Fylde) (Con): The motion indicates that the Administration Committee will make recommendations to the House of Commons Commission or the Speaker about services provided. When a Select Committee makes a report to a Government Department, it receives a written reply after a period of time to respond to the points that it raises. Under these arrangements, if the Commission decided not to provide a service that the Administration Committee had identified, would it be a requirement that a written report would have to be produced so that hon. Members would know why their Committee's recommendations had been declined?

Mr. Hoon: There will not be such a requirement, but I am sure that the right hon. Gentleman's suggestion could be considered as a part of the important scrutiny work that Select Committees do and the Government's responses to those Committees. I am sure that that procedure ought to followed as good practice.

Mr. McLoughlin: I welcome the formation of the Administration Committee because far too often in the last Parliament we encountered the problem that Committees decided things that had to be referred to other Committees before progress could be made. Will the Leader of the House confirm that if the Administration Committee makes such a report, there will at least be the opportunity to ask questions about why action has not been taken on its recommendations, if that is the case?

Mr. Hoon: We will need to consider that important point after the Administration Committee has been established and has decided its working patterns. There will be changes as a result of amalgamating the Domestic Committees, so we will need to allow a little time to elapse before determining the consequences of having such a unified Committee, rather than the separate Committees that it is intended to replace.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Exactly in that context, I note that paragraph (6) of motion 4 says that the Administration Committee's Sub-Committees

"shall have power to send for person, papers and records".

That power is also given to the Committee itself. Does that mean that the Committee or its Sub-Committees could call members of the Commission to give evidence, precisely to address the point made by my right hon. Friends the Members for Fylde (Mr. Jack) and for West Derbyshire (Mr. McLoughlin)?

Mr. Hoon: I was at pains to try to ensure that the terms of reference of the new unified Committee reflected the terms of reference of the Domestic Committees. Having not had my current responsibilities during the period in which those Committees existed, I cannot tell the House whether the motion precisely reflects the previous situation—*[Interruption.]* I am receiving certain indications that perhaps it does not. Nevertheless, it follows on logically from what the right hon. Member for Bromley and Chislehurst (Mr. Forth) pointed out that the motion gives the Administration Committee extensive powers to call for those persons and papers that it requires. No doubt that will be one of the consequential changes that may follow the establishment of this important House Committee.

Adam Afriyie (Windsor) (Con): As a relatively new Member, I am aware that modernisation needs to take place on many Committees. However, I am surprised by how long it has taken to appoint hon. Members to Committees. Is the Leader of the House also concerned about the delay in appointing Committee members?

Mr. Hoon: I intend to deal with that point when I reach the part of my speech—if we ever get there—on proposals for the appointment of Select Committees. I have been asked about the matter on several occasions in the House and have made it clear, and repeated today, the importance of the role of political parties. If my hon. Friend the Member for Nottingham, North (Mr. Allen) is to be satisfied in his understandable concern about the need to respect democratic principles in the selection of Select Committee members, it is important to deal with such matters thoroughly. I have indicated that that has been the case for the Labour party. Thoroughness takes time, but that thorough approach has allowed the Committees to be appointed before the summer recess, which was an undertaking that I gave to the House, and

allowed political parties to be involved in the necessary democratic process for the selection of their candidates. That seems to me to be a perfectly proper compromise—

Mr. Allen *rose—*

Mr. Hoon: I sense that I am risking reopening this debate.

Mr. Allen: I am delighted that the Leader of the House has moved the debate on. As he mentioned my name, I felt obliged to make a contribution on this issue. To answer the hon. Member for Windsor (Adam Afriyie), the process has been relatively fast compared with previous occasions when it sometimes took six or seven months before Committees were set up. The way forward is, again, to remove the power from the Government and the alternative Government, and make it part of Mr. Speaker's duties to convene Select Committees within a given period after a general election. The delay, which is to the benefit only of the Government, would not then occur. Members of Parliament would take control of their own Committees.

Mr. Hoon: I knew that I had made a mistake earlier on, but I am grateful to my hon. Friend for continuing the debate.

I shall conclude that debate by dealing with the fifth motion on the Order Paper, which concerns the Finance and Services Committee. The motion makes minor changes to the order of reference of that Committee consequential to the establishment of the new Administration Committee. It also reflects changes in how we refer to the House Administration and the administration estimate.

Motion 5 modifies the operation of the two-Parliament rule for Select Committee Chairmen. Standing Order No. 122A was agreed in May 2002, following the recommendation of the Modernisation Committee. It was not popular with all Members—I recognise that some members of the Liaison Committee, in particular, felt that limiting their term served to reduce the effectiveness of Select Committees—but the majority of the House felt that there was merit in a degree of turnover: Select Committees should not become the established responsibilities of a few senior Members.

The purpose of the motion today is not to reopen that debate but to ensure that the rule achieves its intended purpose. When the House agreed the rule, it agreed an amendment adding the words

"or a continuous period of eight years, whichever is the greater"

in case of very short Parliaments, as in 1974, for example. As a result, I believe unintended by the House, a Chairman who has served for two full Parliaments could be re-elected for a third if the date of his re-election fell just within eight years of his first election. The proposed change would mean that if a Chairman were elected for a third term, the chairmanship would cease at the expiry of eight years from first election.

Mr. Gordon Prentice: What happens if the terms of reference or remit of a Select Committee are changed to reflect the departmental configuration of Whitehall? Is it a new Committee?

Mr. Hoon: It is clear that it is a new Committee, and the term would then begin with the commencement of that new Committee.

Andrew Mackinlay (Thurrock) (Lab): It may sound old-fashioned, but I do not think that the proposal is fair. I would like the Leader of the House to consider my amendment, which would mean that those people who were incumbent Chairmen as at the general election would not be disadvantaged. If my right hon. Friend is convinced of the merits of his new rule, it should operate so that my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), for example, is not disadvantaged in this Parliament by the rules being changed, and the goalposts moved, during this Parliament. The clock started ticking for her period as Chairman of the Transport Committee in the last Parliament.

Mr. Hoon: I do not anticipate that I will betray any confidences if I indicate to my hon. Friend that I have had some serious conversations with my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), in which she made her views known with, it is fair to say, considerable force. I make it clear, however, that the amendment does no more than give effect to what the House intended. There was an unintended consequence of the amendment made when this position was first established in the Standing Orders of the House which would allow, for example, someone who had by chance been elected on 21 July 1997 to continue in office for a further full term of Parliament if the relevant meeting happened to take place on 22 July 2005. That was not intended by the House. The House was clear as to its wish, which was to allow right hon. and hon. Members to serve as Select Committee Chairmen for two terms or for eight years, whichever happened to be the longer. The amendment simply gives effect to that; it does no more than that. It is not intended in any way to overturn the previous rule; it simply clarifies that rule and gives effect to what the House originally intended for its Standing Orders.

Mr. Edward Leigh (Gainsborough) (Con): Does the right hon. Gentleman think that this very desirable rule should be applied to other office holders in and outside government?

Mr. Hoon: Term limits are common practice in many parts of the United States. There is a term limit for the President of the United States, and I lived for a time in Kentucky, where governors were allowed to serve only one term. That appeared to have something to do with the history of the office and the opportunities that it afforded to its incumbent—I am sure that that is no longer the case. However, term limits are fashionable in some constitutions. Generally speaking, they have not been considered appropriate in the United Kingdom, save for the wish of the House of Commons to ensure a turnover from time to time in the occupancy of the chairmanships of Select Committees—

Andrew Mackinlay: And save for our having had seven Ministers for Europe in seven years.

Mr. Hoon: It is probably wise to move on to the next fascinating motion. Motion 7 relates to the size of some

[Mr. Hoon]

Select Committees. It proposes that the size of the Defence, Foreign Affairs, Home Affairs, Trade and Industry and Treasury Committees should increase from 11 to 14 members, reflecting the considerable interest in serving on those Committees. It proposes that the size of the Environment, Food and Rural Affairs Committee should reduce from 17 to 14 members and that the size of the Regulatory Reform Committee should reduce from 18 to 14.

I appreciate that when the Modernisation Committee recommended a slightly larger increase in the size of the departmental Select Committees in 2002, there was some opposition from the Liaison Committee on the ground that it would inhibit Committee cohesion. The reason for proposing a modest increase today is simply that the interest of Members in serving on some of the Committees is very great. I believe that there is value in ensuring that more Back Benchers are given the opportunity to be involved in the important work of scrutiny that the departmental Select Committees undertake.

Motion 8 makes minor changes to the Standing Orders to reflect the establishment of Her Majesty's Revenue and Customs. Motions 9 to 31 are nominations to Select Committees in the name of the Chairman of the Committee of Selection. I appreciate that these motions have taken a little time to come before the House—longer than I would have liked—but it is very much to be welcomed that most of the Select Committees will, subject to the agreement of the House today, be up and running before the summer recess.

For the first time, as I have said, those nominations are the product, in the Labour party at least, of a transparent party process, and it is inevitable that this should have taken a little time. We hope that the Committee of Selection will be able to bring forward motions to nominate the Science and Technology, Welsh Affairs, and Finance and Services Committees as soon as possible.

I remain committed to strengthening the Select Committee system. Since 2002, there has been a significant increase in the staff resources available to Select Committees and their activity has increased greatly. I will not pretend that this activity is always welcomed by Departments, but that is as it should be. It is widely recognised that the Select Committees now play an important part in our democratic life: they are a crucial check on the work of Government. I pay tribute to the work of Members who served on Committees in the last Parliament, and I anticipate continued vigorous activity in the Parliament ahead.

Motion 32 makes provision for the first meeting of the Joint Committee on Human Rights. Motion 33 provides for the re-establishment and nomination of the Modernisation Committee. The Committee has done valuable work since 1997, but I believe that there remains much more that it can usefully look at. Although I know that some Conservative Members are not enthusiasts for modernisation—

Mr. Forth: That is putting it mildly.

Mr. Hoon: I am delighted to have this opportunity to praise the work of the Modernisation Committee to the right hon. Gentleman.

Mr. McLoughlin: Can the Leader of the House tell us what the Modernisation Committee can do that the Procedure Committee could not do?

Mr. Hoon: I think that the short answer is probably "deliver", but that may be a little frank for someone who inhabits the Whips Office. My predecessors as Leader of the House have served on the Modernisation Committee and have seen their recommendations through the House. It is important that that momentum is maintained.

Mr. Forth: If it is true, as the Leader of the House has disgracefully claimed, that the Modernisation Committee can deliver where, he says insultingly, that the Procedure Committee cannot, could that be because the Modernisation Committee is, disgracefully, chaired by a member of the Cabinet?

Mr. Hoon: I am sorry that the right hon. Gentleman has put that spin on my remarks. There was no intention on my part in any way to criticise any other Committee or the way that it operates. I was making it clear that there was a real feeling among Members on both sides of the House—not only on the Government Benches—that it was necessary to bring our practices and procedures into the 20th century, if not the 21st century. That has meant that the work of the Committee has been reflected in practice. Other Committees may work in slower time, but there was a degree of urgency felt by Modernisation Committee members of all political parties that are represented in the House, and that urgency has been reflected in the fact that it has been prepared to deliver.

Sir George Young (North-West Hampshire) (Con): On the question of delivery, did not the right hon. Gentleman's predecessor as Leader of the House and Chairman of the Modernisation Committee, the right hon. Member for Neath (Mr. Hain), fail to deliver changes in how we appoint Select Committees?

Mr. Hoon: There was a debate in the House and a vote, and in its wisdom the House chose to reject the proposals of the Modernisation Committee. I do not pretend—I am sure that the right hon. Gentleman, who is greatly experienced in the ways of the House, will agree—that all recommendations of all Committees will always be accepted on the Floor. On that occasion, they were not.

Sir Nicholas Winterton: I am sure that the Leader of House will accept that his chairing of the Modernisation Committee gives it the power to deliver; no other Select Committee has a Cabinet Minister as Chairman. Does he agree that the House works best when Committees that are concerned with the way in which the House operates and scrutinises legislation—the Procedure Committee and the Modernisation Committee—co-operate? Is that not the best to way to proceed? That is why I have chosen again to serve on the Modernisation Committee, having been one of its founding members way back in 1997.

Mr. Hoon: I have always been thoroughly impressed by the hon. Gentleman's work, both generally in the

range of activities that he pursues in the House on behalf of his constituents, and specifically in the excellent way in which he has chaired the Procedure Committee—not a Committee on which many right hon. and hon. Members volunteer to serve. He has done so with great distinction and that has informed the work of the Modernisation Committee.

I still believe that there are times in the House when speedy change is required. Perhaps the Modernisation Committee moves more quickly simply because it has the benefit of the Leader of House as its Chairman. That is obviously a matter for the House. However, given the proposal that is before the House, I hope to be re-elected as its Chairman in due course and to be able to continue its excellent work. Crucial to that is the knowledge and experience that Members can bring to bear on its work. If the House so decides, I look forward to the hon. Gentleman again making a valuable contribution to the Committee's work.

Chris Bryant (Rhondda) (Lab): Notwithstanding the importance of the Leader of the House chairing the Modernisation Committee, does my right hon. Friend accept that in broad measure it is vital that Select Committees should be Back-Bench Committees? If we are to achieve the cross-party working on which most Select Committees rely, it is important that Opposition Members do not keep on switching between Front-Bench and Back-Bench responsibilities, by being Front Benchers and yet serving on Select Committees. Sometimes, that is used for partisan reasons.

Mr. Hoon: I am dealing today only with the current nominations. Those questions will logically follow later in our proceedings.

Mr. Jack: The Leader of the House will be aware of exchanges in the previous Parliament involving the Liaison Committee following the Hutton inquiry's access to information of a broad-ranging nature. Subsequently, in meetings with the Liaison Committee and others, the Government indicated a more flexible and open approach to the provision of information to Select Committees. Is the right hon. Gentleman yet in a position to be able to define that greater openness and access to information, so that new Chairmen of Committees might be fully apprised of what they can expect when they call for papers in the context of inquiries?

Mr. Hoon: I had hoped that the practice had already improved. I was not aware of any serious complaints from Chairmen of Select Committees. I hope that if there are problems about access to papers, the right hon. Gentleman will write to me about them, and I shall deal with that in the usual way.

Mr. Gordon Prentice: The Government have pledged to revisit the Osmotherly rules. Which of the rules have been changed?

Mr. Hoon: The Osmotherly rules, I am informed, will be issued tomorrow. Perhaps we can have a debate on that rather complex subject if one is required. At one stage in my previous career I studied those rules with considerable care. No doubt my hon. Friend will be able to refer to that in due course.

Andrew Mackinlay: As the question of Osmotherly rules has come up, can we place in *Hansard* the advice that the Clerk of the House of Commons gave to Lord Hutton that the Osmotherly rules were not agreed between the Government and Parliament? We need to reaffirm that, particularly as coincidentally the rules are to be published tomorrow. There should be no misunderstanding; to these Houses of Parliament, they are not worth the paper that they are written on. They have been handed down like tablets of stone by the Executive. I will certainly not be signing up to them, and judging from the mood the House, I do not think that it will be signing up to them either.

Mr. McLoughlin: It would be nice to see the rules.

Mr. Hoon: Indeed it might be better to see them before we reach clear conclusions on their content.

I was referring to the contribution that the right hon. Member for Bromley and Chislehurst makes to any reference to modernisation. The work of Conservatives members of the Modernisation Committee has been extremely valuable in taking forward changes in the House, and I look forward to the right hon. Gentleman's observations on the Committee's work during this Parliament.

Mr. Allen: I commend my right hon. Friend for congratulating the Modernisation Committee on its very good although sometimes glacially slow work. I ask him not to be unkind to the right hon. Member for Bromley and Chislehurst (Mr. Forth), because by his obstruction, by his keeping up colleagues late at night and by his using the rules as he did, he has caused more modernisation in this Chamber than virtually any other Member. My right hon. Friend should congratulate him on doing that.

Mr. Hoon: The right hon. Member for Bromley and Chislehurst has made a distinctive contribution to the work of the House, as he did to the European Parliament. I first met him when he was an enthusiastic Member of the European Parliament, which he has tried to live down ever since. We all have records to defend, and at some stage we will be able to debate European matters, but I need to make progress.

I return to the fascinating subject of the terms of reference of the Modernisation Committee, which Members will have noticed are slightly changed from those in the previous Parliament. The function of the Committee will be to consider how the House operates and to make recommendations for modernisation, rather than being limited to the consideration of the practices and procedures of the House. That is intended to ensure that the Modernisation Committee is not constrained in its field of inquiry. It would, for example, be able to consider matters touching on the administration of the House.

Motion 34 provides for the membership of the Liaison Committee. As in the past, it will include the Chairmen of all Select Committees. In addition, as in the previous Parliament, the motion nominates the Father of the House, my right hon. Friend the Member for Swansea, West (Mr. Williams), in anticipation of the

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fact that the Committee might wish to appoint a Chairman who does not also represent the interests of a particular Committee.

Pete Wishart (Perth and North Perthshire) (SNP): It is a great innovation to put the Father of the House on the Liaison Committee. Does the Leader of the House think that the Liaison Committee reflects the membership of the House? There is still no minority party membership of it. If the arithmetic were applied to reflect the proportions of representation, we should have a place on the Liaison Committee. Will he work to ensure that the Committee reflects the views of all parties in the House?

Mr. Hoon: It is important that the Liaison Committee reflects the Committees of the House. It is there for a particular purpose, which is not necessarily to reflect all the political parties represented in the House. The difficulty in practice with the hon. Gentleman's suggestion is that he would have to persuade the House that the minority parties could agree on who would represent them. I expect that he would experience some problems doing so but, nevertheless, the traditional purpose of the Liaison Committee is to reflect the Committees. It is not necessarily to reflect the political parties in the same way as Select Committee membership.

Mr. Forth: I would like to try to help the Leader of the House by urging him to support the amendment that I tabled with other hon. Members. It says that

"the senior backbench member of the Chairmen's Panel shall also be a member of the Liaison Committee".

That would give the minority parties an opportunity, if they served at length and with distinction on the Chairmen's Panel, to serve on the Liaison Committee. My excellent amendment, which I shall seek to move if I catch your eye, Mr. Speaker, would serve a double purpose and provide the minority parties with the opportunity for which the hon. Member for Perth and North Perthshire (Pete Wishart) asked.

Mr. Hoon: The right hon. Gentleman has assisted the minority parties and me with his suggestion but, following the earlier mention of glacial progress, I doubt whether the minority parties would want to wait quite that long.

Mr. McLoughlin: The Leader of the House must accept that the stature of the Liaison Committee has changed dramatically. It used to bring together Select Committee Chairmen to discuss Select Committee business, but now, twice a year, it conducts a two-hour interrogation or question time with the Prime Minister. The Liaison Committee has changed substantially, so the Leader of the House ought to listen to the minority parties, particularly if they can suggest one person to represent their interests.

Mr. Hoon: I remain open to sensible suggestions. I was simply pointing out that the minority parties may not agree on a single candidate, so the difficulty would then arise of how to choose between the different parties that we loosely call the minority parties.

Pete Wishart: I think that in principle the right hon. Gentleman does not object to minority parties serving on the Liaison Committee. Would he be satisfied if we produced a formula or process whereby we could share a position on the Liaison Committee?

Mr. Hoon: I am a deeply cautious lawyer and I would prefer to wait and see what sensible proposal the hon. Gentleman came up with.

Chris Bryant: An amendment could be tabled.

Mr. Hoon: Perhaps the hon. Member for Perth and North Perthshire (Pete Wishart) is still thinking about it, but I look forward to considering the results carefully.

The amendment tabled by my hon. Friend the Member for Stockton, North (Frank Cook) and other hon. Members, which proposes that the senior Back-Bench member of the Chairmen's Panel should be an additional Liaison Committee member, may have something to do with the fact that the hon. Member for Macclesfield (Sir Nicholas Winterton) may unfortunately lose his place on the Liaison Committee because of the two-Parliament rule. I have already expressed the esteem in which I hold him. His experience and independence of mind are widely respected in the House.

Mr. Forth: But—

Mr. Hoon: There is, however, a question, as I have already suggested, about the extent to which we should continue to expand the size of the Liaison Committee. It is a practical question—if the House wishes to have a much larger Liaison Committee with, as the right hon. Member for West Derbyshire (Mr. McLoughlin) suggested, functions very different from its traditional role, it will bring that to bear in its consideration of the amendment. I accept, however, that the amendment opens the way to further membership, not least by the minority parties. I therefore have concerns about the size, functions and nature of the Liaison Committee, but it is obviously a matter for the House to decide whether to accept the proposal.

Chris Grayling (Epsom and Ewell) (Con): I am curious about the contradictions in the right hon. Gentleman's remarks. A few minutes ago, he talked about the need to expand the membership of the Defence Committee because of Members' enthusiasm to serve on it, and he has tabled a motion to that effect. He is now expressing concern that the Liaison Committee may become too big. What is the optimal size of those Committees?

Mr. Hoon: I do not think that there is any contradiction in my remarks, and I do not think that the hon. Gentleman seriously believes that there is. The Liaison Committee has had a particular function for a number of years. I accept that that function has changed, but it is for the House to decide whether, as a result, a bigger Committee should perform a slightly different function, particularly in relation to the questioning of my right hon. Friend the

Prime Minister. Unfortunately, however, the hon. Gentleman's argument about Members' enthusiasm to serve on the Liaison Committee probably applies to most Members, so we need a practical means to limit membership of that Committee. Traditionally, such membership has extended to Select Committee Chairmen, but it is right to add the Father of the House, because he served a particular role with great success as the Chairman of the previous Liaison Committee. Whether we wish to go further is a matter for the House.

Sir Nicholas Winterton: The Leader of the House has suggested that I may have a limited vested interest in the amendment, but does he accept that the Chairmen's Panel has an important role to play in the House? It is sensible and appropriate for a Back-Bench Member representing the Panel to have an input in the Liaison Committee. The Chairmen's Panel meets under the auspices of the Chairman of Ways and Means, but it should have direct access to the Liaison Committee. Colleagues on both sides of the House support the amendment, and we believe that it is appropriate that the senior member—currently a Conservative, but it could be Labour Member—should have a place on the Liaison Committee because of the Panel's role and experience.

Mr. Hoon: As ever, the hon. Gentleman has made his case with great clarity. He makes a perfectly proper point on which the House will decide in due course.

Mr. Alan Williams: The motion makes a novel proposition that has not been considered by the House before. May I suggest a compromise that could be more advantageous than a likely defeat for the motion? Would the Leader of the House be happy for my proposition to receive urgent consideration by the Modernisation Committee, which would then report to the House as rapidly as possible?

Mr. Hoon: I am grateful to the Father of the House for his suggestion. If the proposal is defeated today, I am certainly willing to consider his offer as part of the work of the Modernisation Committee, once it is established.

I now come to motions 35 to 38, which relate to pay for Committee Chairmen. Motion 35 takes note of the recent report from the independent Senior Salaries Review Body on pay for Standing Committee Chairmen, and expresses the opinion of the House that pay for Standing Committee Chairmen should be introduced. I am sure that the House will join me in thanking its chairman, John Baker, and the members of the SSRB for their careful work in preparing the report. They were asked to consider how, if the House decided that it was appropriate to give additional pay to the Chairmen of Standing Committees, that could best be achieved. They found that there was a good case for making an additional payment, at least to Chairmen of Standing Committees undertaking more substantial duties. They outlined a range of options for methods of payment. They concluded that a two-tier panel, with higher payments for members undertaking a minimum time commitment, would represent the best way to match contribution and reward, but they found that a tiered structure of payment based on length of service, as proposed by the Chairman of Ways and Means, was acceptable if the House was disposed to prefer it.

I have considered those options carefully, and I have worked closely with the Chairman of Ways and Means to structure a manageable system that is both open and transparent to the House. It is the strong advice of the Chairman that a two-tier panel would be unworkable and divisive, and that a tiered system based on experience is the option most suited to the needs of the House. He has assured me that there will be a linkage between pay and work load—the more experienced members of the Panel will be expected to do more work—and performance will be properly managed. While in the past there was no reason to eject a Panel member who was able to commit only occasional hours to the Panel, this will no longer be the case. Members who are, for whatever reason, not able to contribute as expected to the Panel will be discharged and their remuneration will cease with immediate effect.

Andrew Mackinlay: The Minister knows that I was implacably opposed and remain opposed to the paying of Chairmen of Select Committees, but I invite him to consider that his proposition is absurd and will create new anomalies. For instance, there has been a row about Ministers who get compensation money when they cease to be Ministers. Next that will apply to former Chairmen of Committees. It implies that some Members pedal faster than other Members. To suggest that there should be some compensation for sitting in the Chair, as skilled as that is, and presiding over Committees, and that Chairmen should get more than other Members, is unhealthy in a democracy. As the Minister has kindly agreed to refer some matters to the Modernisation Committee, will he do the same with this suggestion—that every Member should be expected to take a turn at presiding over a Standing Committee? That is what happens in the Congress of the United States. It would be healthy for us all to get a slice of the action and we all continue to get the basic pay, consistent with democratic norms. The proposal is extraordinarily dangerous and foolhardy in the extreme.

Mr. Hoon: I do not intend to debate with my hon. Friend the principle, which has previously been established on the basis that there should be an alternative career route for Members who choose not to become Ministers or prefer to serve the House in different ways. *[Interruption.]* I chose my words carefully.

The proposition that we should not recognise the considerable skill required to chair a Committee effectively is wrong. I served on a number of Finance Bill Committees when I first came to the House. Chairing the Committee was an extremely difficult and delicate task that required a considerable understanding of the rather complex proposals contained in the Bill. We need to give some recognition to those who serve the House in that way. It is not a task that gets any kind of public approval or even respect, as it is highly unlikely that members of the public would appreciate the substantial amount of time given over to those responsibilities by a relatively limited number of Members.

The proposal is consistent with the previous decision taken by the House in relation to recognising the contribution that Members make. In some ways, it is more important than the remuneration offered to Select Committee Chairs, because they at least get public

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recognition and a degree of public exposure for the work that they do. That cannot be said of members of the Chairmen's Panel.

Mr. Forth: I entirely agree with what the right hon. Gentleman has just said in that regard. As he develops his argument on the motion, could he tell us what precedent there is for someone not going on to the full rate of pay when they are appointed to a position either in the Government or in the House? That might be helpful. Could he also explain why he believes the motion does not reflect the fifth recommendation in the SSRB report, which states:

"We consider that . . . a two-tier Panel would represent the best way to match contribution and reward, whilst ensuring equivalence with the pay of Select Committee Chairmen in appropriate cases"?

It seems that whereas the Government make great play of adhering to and reflecting SSRB recommendations, in this case they have gone in an entirely different direction.

Mr. Hoon: I sought to explain to the House the reason for that. I suggested to the Chairman of Ways and Means that he would have to work fairly hard to persuade me that I should depart from the recommendation of the SSRB, but I emphasised to the House the very strong conviction that he has. He has some responsibility for managing the Chairmen's Panel and he believes strongly that this is the best way of achieving the objective that he requires. I have accepted his advice and I am not in any way retreating from it. If the right hon. Gentleman reads further in the SSRB report, he will see that the board does not rule out, and indeed would accept, a more tiered arrangement.

On the right hon. Gentleman's first proposition, it is important that in ensuring full respect for the decision of the House, if the House accepts the principle and puts it into practice, that there is a clear connection between the amount of work and time that individuals devote to their duties as part of the Chairmen's Panel, and the remuneration that they receive. For the moment there are some members of the Panel who, for perfectly proper reasons, I am sure, are not able to devote the appropriate amount of time to the work, in which case it is not inappropriate that they should be more modestly rewarded. I want to demonstrate that the arrangement is designed to ensure a consistency between the amount of time that is devoted to the task and the appropriate reward.

Mr. Gordon Prentice: An observation, then a question: it is absurd to pay people such vastly different rates on the basis of length of service, when they are doing essentially the same job. Can my Friend remind the House how Members get on to the Chairmen's Panel, what the criteria for selection are, and if Members are ever rejected?

Mr. Hoon: On length of service, if the House accepts the proposition that the responsibility requires skill and ability, that skill and ability are acquired in the course of doing the job. It is not a task that is easy to learn about, other than by chairing the relevant Committees. There is therefore a proper connection between length of service, and skill and ability. I am assured by the Chairman of Ways and Means that he will be able to take account of length of service in the decision that he takes as to which member of the Panel is appropriate to serve on which Committee. In those circumstances, I believe that is the best way forward.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I can happily make comments, as I have not been a member of the Chairmen's Panel for some time. Would my right hon. Friend emphasise that the job is exhausting and boring, and if it is properly done it requires a considerable amount of time? Chairmen do not get recognition of the extra hours that they put in. Perhaps he will make it clear to the House that if we want to continue to have an important and sensible tradition of using our own Members to chair our Committees, we ought to make sure that we treat them with respect, if nothing else.

Mr. Hoon: I am grateful to my hon. Friend for her practical observations and her experience of dealing with these matters. She reflects exactly my admiration for those who choose to serve on the Chairmen's Panel, particularly those who put in a considerable amount of time which, as she says, is not properly recognised—it is generally not recognised at all outside the House. That is the underlying purpose of the proposal—to ensure that that recognition is given.

Dr. Ian Gibson (Norwich, North) (Lab): Will my right hon. Friend confirm that the payments to the Chairs of Select Committees also allow them to have better pension emoluments at the end? Will the new awards that he proposes be part of the pension scheme, so that Chairmen would inherit them for life, as it were?

Mr. Hoon: I am not sure about my hon. Friend's last proposition, but the emoluments are pensionable and will continue to be pensionable so long as they are in payment. I am not sure that I entirely take his last point, but his basic proposition is correct.

The motion provides for a tiered structure: those who have served for five years or more, irrespective of any breaks in service, will be eligible for an additional payment of £13,107, the same amount that applies to Select Committee pay. Those who have served for at least three years but less than five will qualify for an additional £9,960. Those who have served for at least one year but less than three will qualify for an additional £7,340, and those in their first years will qualify for £2,615. Those amounts will be uprated annually in line with Members' pay. The pay will be pensionable, and the necessary regulations will be introduced as soon as possible. The overall cost of the proposal, which is estimated to be some £400,000 a year including national insurance and pensions contributions, will depend on the experience of the Panel at any given time.

The right hon. Member for Bromley and Chislehurst has tabled an amendment that would provide an alternative grading structure. Amendment (b) provides for a two-tier structure, with half pay for those with less than two years' service. The appropriate system is a matter for the House to decide, but the amendment would obviously increase the overall cost.

The SSRB recommended that the question of Chairmen's interests and payment for outside activities should be considered before payment is introduced. I hope that the Standards and Privileges Committee is willing to consider that issue and to produce guidance, as it did for Select Committee Chairmen, and an implementation date of 1 November has therefore been proposed with that in mind.

Whether to introduce pay for Standing Committee Chairmen in the form proposed is a matter for the House to decide. Some hon. Members may feel that service on the Panel is honour enough or that it is wrong to reward some aspects of an hon. Member's work and not others. As I have said, however, I believe that it is right to recognise the considerable commitment made by Standing Committee Chairmen, which involves not only time in the Chair, but time for preparation and the requirement to keep available time that may not be required. Chairmanship offers little in terms of public profile—indeed, it requires hon. Members to stay quiet on Bills that they Chair. I hope that hon. Members agree that that contribution should be recognised—

Andrew Mackinlay: Will the Leader of the House tell us—

Mr. Hoon: Shall I give way?

Andrew Mackinlay: Yes; I am enormously grateful. As Ministers go, I am fond of the Leader of the House.

The Crossrail Bill will no doubt be chaired by a member of the Panel. The procedure might last for many months, when a Standing Committee would not be involved. Would the meter run during that time? The motion does not consider that matter. Approximately how many hon. Members will be left on standard MP's pay if the motions are passed tonight?

Mr. Hoon: I am always grateful for my hon. Friend's concern, and I am even more grateful for his questions. I sure that his final point will be tabled as a written question, when I shall answer it, but I cannot answer it off the top of my head

Motion 36 is an effective motion that gives effect to the previous motion to which the Queen's recommendation has been signified, because it involves Government expenditure, including the Treasury contribution to Members' pensions. It will be moved if the House agrees the opinion motion without amendment.

Motion 37 extends the current arrangements for Select Committee Chairmen's pay to those Select Committees that are not already eligible. In its 2003 report on Select Committee Chairmen's pay, the SSRB suggested which Committee Chairmen should be remunerated, but it said that the final decision should rest with the House. At the time, there was some unhappiness that the distinction between externally focused scrutiny Committees and other Committees did not fairly reflect the relative work loads.

In introducing the motion on Standing Committee Chairs, I thought it only right to give the House the opportunity to decide whether the remaining Select Committees should also receive remuneration. The remaining Committees include the Administration Committee—this is contingent on the motion appointing that Committee being agreed by the House—the Finance and Services Committee, the Liaison Committee, the Procedure Committee, the Committee of Selection and the Committee on Standards and Privileges. Those Committee Chairmen's responsibilities are varied, but they are comparable in work load to those that are already paid. In some ways, those Chairmen are even more deserving, because they do their work on behalf of us all out of the media spotlight. The cost of the proposal depends on take-up, but it would amount to around £17,000 a year per Chairman, including national insurance and pensions contributions.

Motion 38 is again an effective motion—it gives effect to the opinion motion on Select Committee pay—to which the Queen's recommendation has been signified.

Motion 39 amends Standing Order No. 4 so that members of the Panel would continue to serve on it until the end of the Parliament, unless they were discharged by the Speaker. At present, the Speaker has to reappoint the Panel each Session. The change is intended to remove an unnecessary complication in the arrangements for additional pay by making service continuous.

Finally, motion 40 amends Standing Order No. 137A to empower the Welsh Affairs Committee to hold formal joint meetings with Committees of the National Assembly for Wales. That would make permanent a change agreed by the House, on an experimental basis, in the previous Parliament. The Welsh Affairs Committee and Committees of the National Assembly for Wales held eight joint meetings under that temporary power for the scrutiny of Bills and draft Bills and other purposes, and the Liaison Committee has pointed out the strong case for making the power permanent.

Taken together, the motions amount to a useful package, which will strengthen parliamentary scrutiny of the Executive and enhance how we operate within this House. They provide a basis for hon. Members to take forward the work of scrutiny and for further modernisation in the Parliament ahead. I commend the motions to the House.

1.45 pm

Chris Grayling (Epsom and Ewell) (Con): I want to establish cross-party consensus on most of those changes, although I shall make some specific comments. I want to address three key points—the formation of Select Committees, the creation of the new Administration Committee and pay for Standing Committee Chairmen.

Having indicated that there is a degree of consensus between Front-Bench Members on the detail of the motions, I shall begin with a clear challenge to the Government on the establishment of Select Committees. The matter has become a saga, which is not good enough, and the public cannot understand why it takes this House so long to establish Select Committees. I was first elected on 6 June 2001, which was one month later than the election in this Parliament, and the Select Committee's were up and running for their first meetings before the summer recess. This time, with an extra month, we are just about in a position to give those Committees the opportunity to meet for a first

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introductory sitting before the summer recess, but three Committees will not even be able to do that, which is not good enough.

The Leader of the House and the Government should set out a process by which that objective will be achieved more rapidly in future. For example, this House has lost the opportunity to hold a Liaison Committee meeting in July to address with the Prime Minister important issues that have arisen over the past few months, which is simply unacceptable. I hope that the Leader of the House will take away this summer's experiences and return with proposals to speed up the process and to make it more effective, so that the public do not say, "Where are the Select Committees?"

I understand the motivations of the hon. Member for Nottingham, North (Mr. Allen), but he must consider his proposal's practicalities. Many new Select Committee members will be new hon. Members who are finding their way in the House for the first time. An election process for individual Select Committee members is impractical. I understand why he has advanced that option and his desire to speed up the process—indeed, I share his desire to introduce a speedier process. If one examines the motions, however, it is apparent that new hon. Members form the bedrock of Select Committees, and it is unrealistic to expect them to stand for election shortly after they have arrived in this place. Although I share his aspiration to introduce a new approach to Select Committees, his approach is not the right one.

Mr. Allen: If the hon. Gentleman reads the amendment, which is supported by 65 hon. Members from all parties in this House, he will see that it simply requests that we should re-examine the process to see whether it can be done better. He started his speech by making that point, so if he believes it—I am sure that he does—he should support the amendment's sentiment. I have asked the Leader of the House to re-examine the matter, so that we do not experience a delay in four years' time. That can be done by returning Committees from the Government to the House and by involving all hon. Members in the process. It is not beyond the wit of hon. Members to create a system by which new hon. Members, old hon. Members and hon. Members who deserve recognition are on the Committees of their choice. If we continue to allow the system to be run by Front Benchers, we will continue to be in thrall to them.

Chris Grayling: The hon. Gentleman will know from my remarks that I share his desire to examine the way in which things work. However, I disagree with some of the detailed points that he has made in advancing his argument in the past few days, as they are not practical. We all rightly share the aspiration of ensuring that in four or five years' time, when the new Parliament meets after the next general election, we do not have a prolonged process for forming the Committees that removes from the House central parts of its scrutiny role and leaves us with the current situation as regards the Liaison Committee whereby it is not possible for the Committee to meet before the summer. That is wrong.

Mr. Allen: I take the hon. Gentleman at face value, as I have worked with him in Committee and know where he stands on such issues. Will he therefore, in the position that he occupies on behalf of the Opposition, do what I am going to do and write formally to the Leader of the House requesting that he and the Modernisation Committee, and anyone else who wishes to be involved, look at this process? We need to create a broad consensus in the House so that perhaps we can do it better.

Chris Grayling: We do not need to write; we merely need to hear the Deputy Leader of the House say when he winds up that the Government accept that too much time has passed before appointing Select Committees and that the Government will consider how to ensure that that does not happen in future.

Mr. Leigh: I understand that there has been no lack of recruits early on in this Parliament. In the last Parliament, the Opposition had some difficulties as a result of our relatively few numbers. Does my hon. Friend agree that it is unfortunate that Opposition Front-Bench spokesmen should serve on Select Committees? On the Public Accounts Committee, we preserved a virginal purity in that matter by having no Opposition Front-Bench spokesmen. In life one should do to others as one might have done to oneself. There will come a time when there is a Conservative Government, and will we want Labour spokesmen on defence serving on the Defence Committee? I think not. This is an opportunity for my hon. Friend to make it clear that this is not a practice that we want to carry on in this Parliament.

Chris Grayling: My view is that we should provide full opportunities for every Member of this House to play a full part in its proceedings in different ways, whether it is on the Opposition or the Government Front Benches, on Select Committees or on Standing Committees. I would not wish to be proscriptive today, but I share my hon. Friend's wish to ensure that Back Benchers who want to serve on Select Committees have the opportunity to do so.

Chris Bryant: The hon. Gentleman did not give a straightforward answer to his hon. Friend, who is, as he well knows, making a very clear point—that there should be a principle in this House that Select Committees should consist only of Back-Bench Members because that is important to the working of those Committees. Cannot the hon. Gentleman stand up on behalf of his party and urge that important principle?

Chris Grayling: Will the hon. Gentleman urge his own Front Benchers to ensure that Select Committees are not used as ministerial sinecures when Ministers leave office, as has certainly been the case?

Chris Bryant *indicated assent.*

Chris Grayling: One of the reasons for the delay in appointing Select Committees is that there has been wrangling behind the scenes about who is and is not going to get which job. The Government have tried to ensure that they can use Select Committee chairmanships as a soft landing for Ministers who have

lost office. They have also tried to ensure—I see the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) in her place—that Select Committee chairmanships are not occupied by people who are more robust in their criticism of the Government.

John Bercow: I am sorry to press my hon. Friend on this point, but let me remind him that two wrongs do not make a right. I must, with great respect, ask him to give, in response to the hon. Member for Rhondda (Chris Bryant), a verdict on an issue of principle. Does he agree that it is wrong in principle for an Opposition Front Bencher to sit on a Select Committee—yes or no? It is nothing to do with other issues; what is his response to that particular point?

Chris Grayling: My view is that in an ideal world we would not have people performing both roles. Speaking as an Opposition Front Bencher, most of us do not have the time to perform multiple roles. However, there are circumstances that break every rule, and I am not going to give my hon. Friend a cast-iron view that under no circumstances should it ever happen. A range of roles are open to Members of this House. Very often, two should not combine, but there may be occasions when circumstance dictate that they do. I will not give my hon. Friend an absolute answer on that now.

John Bercow: If my hon. Friend believes that there are extenuating circumstances in which an exception should apply and an Opposition Front Bencher should be allowed, or even required, to serve on a Select Committee, will he be good enough to specify such a circumstance?

Chris Grayling: My hon. Friend intends to draw me into a detailed argument that is not entirely consistent with the motions before us. I would be delighted to discuss it with him some time over a drink in the Tea Room.

Sir Nicholas Winterton: I suggest to my hon. Friend that there is an extenuating circumstance, although it is undesirable. Her Majesty's Opposition had so few Members in the last Parliament that in order to man all the Select Committees it was necessary for members of the Whips Office from time to time to act as Opposition members of those Committees. I can say from my experience as Chairman of the Procedure Committee that my hon. Friend the Member for New Forest, West (Mr. Swayne) was an extremely assiduous and hardworking member of that Committee. It is, however, an undesirable process, and I hope that my hon. Friend will be able to say that as long as we have sufficient Members that will not happen while he is shadow Leader of the House.

Chris Grayling: I share my hon. Friend's view that it is undesirable. However, there will also be times when it will be to the detriment of the work of a Select Committee to lose expertise as a result of somebody moving into a Front-Bench role. My hon. Friend will be aware that not every Select Committee deals with external policy issues; many deal with issues within this House. It would be wrong, for example, to deprive somebody who holds a junior Opposition role of the opportunity to sit on the Procedure Committee or the Modernisation Committee and play a role in the management and future direction of the House. Simply being a Front Bencher should not preclude one from having views on that.

Mrs. Dunwoody: I understand the difficulties that arise when there are few Opposition Members, but the House of Commons should make it clear that there is no role in the chairmanship of Select Committees for people who are Ministers and no role in the work of Select Committees for people who are spokesmen for their political parties. We get ourselves in the most frightful muddle and into very embarrassing situations when we let go of those rules without thinking about it. We have never done this in the past. It reflects no credit on any Member of this House, on whichever Front Bench they sit, if they do not maintain those lines of demarcation.

Chris Grayling: I understand the hon. Lady's point of view. She will remember, however, that when I served on her Select Committee, sitting alongside us was my hon. Friend the Member for Vale of York (Miss McIntosh), who was an assiduous and effective performer on that Committee while holding a junior role on the Opposition Front Bench in an entirely unrelated area. In my view, our Committee would have been poorer without her. I am reluctant to give cast-iron views because there are exceptions whereby Select Committees will lose out if they are deprived of expertise simply because someone has moved into a junior role in a separate area.

Mr. Gordon Prentice *rose—*

Chris Bryant *rose—*

Chris Grayling: I will make some progress now.

One reason for the delay on Select Committees is that the Government have found that the two-term rule was not quite what they thought. There is no doubt that behind the scenes there have been debates about changes that the Government sought to make but were not possible under a strict interpretation of the rules. The motion on the eight-year limit is sensible, although it is disappointing that the deadline has been set at a particular date. It would be unfortunate to reach the point where a Select Committee chairmanship expires on 22 October, or whatever the date may be, potentially in mid-report while work is still pending. I would have preferred the term of office to expire at the end of the parliamentary Session beyond the date on which the eight years is reached. I suggest that we should review how that works, and if we discover that it causes operational difficulties for Committees, let us be willing to adapt the rule so that there is not a cast-iron cut-off date but a natural termination at the end of the Session of Parliament. From my experience of Committee work, had the hon. Lady been in that position midway through an important report, it would have been a loss to the Committee.

Mr. Gordon Prentice: I did not manage to intervene on the previous point, which was more important. However, machinery of Government changes are made

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all the time—at the beginning of a new Parliament, through departmental changes and so on. They inevitably feed through to the Select Committees. It appears to me that the eight year rule will not apply in practice to many Select Committees.

Chris Grayling: If we have the same number of departmental reorganisations as in the past few years, the hon. Gentleman will be right. It is not necessary to recast Departments every few months. After the general election, there was the bizarre situation of the Department of Trade and Industry appearing to be about to be reconstituted and then remaining as it was. Regular Committee changes have occurred because the Government have seen fit to tinker with the structure of Whitehall. If they did not do that, the circumstances would not arise.

Mr. Hoon: I hope that the hon. Gentleman and other hon. Members will bear it in mind that we are considering a two Parliament rule. The eight year arrangement was added as a way of dealing with very short Parliaments, as happened in 1974. It may also help the hon. Gentleman if I emphasise that, for example, when someone becomes Chairman of a Select Committee in mid-term, that would not count in relation to the two Parliament rule. The rule would begin to apply at the start of a full Parliament. The Table Office would interpret the two Parliament rule as two full parliamentary terms. As that, not the eight year rule, is the primary rule, it would have greatest effect. The rule states clearly,

"whichever is the greater period."

Chris Grayling: I accept the Leader of the House's point. He is right that, in the case of a couple of hung Parliaments in quick succession, it would be absurd for a Select Committee Chairman to be thrown out after a few months because of the two Parliament rule. However, circumstances will arise, probably in this Parliament, in which Select Committee Chairmen leave office under the eight year rule during the Parliament. If that happens, it is more natural for the period of office to terminate at the end of a Parliament rather than on a set date in the middle of the calendar. The Leader of the House shakes his head.

Mr. Hoon: I tried to explain carefully. We are considering a two Parliament rule. Someone who is appointed to the chairmanship of a Select Committee at the beginning of this Parliament, irrespective of the date on which they are elected—that is the harm that the amendment tries to resolve—will serve for this Parliament and the next. That is clear and straightforward. The Chairmen will serve for two full Parliaments. If, by chance, one of the Parliaments lasts less than four years, the eight year rule would allow them to continue, thereby satisfying the requirement of serving for a full Parliament and observing the primary rule.

Chris Grayling: Someone who was appointed a Select Committee Chairman in the middle of the 1997–2001 Parliament could continue serving now, yet the eight year period will expire at some point in the next couple of years. Is the Leader of the House saying that people in that position could continue for the full term of this Parliament or that their term of office must terminate mid-Parliament? My understanding is that the term of office will terminate after eight years if it spreads across three Parliaments.

Mr. Hoon: Again, the primary purpose of the rule is to limit the duration of office to two Parliaments. I have made it clear that if someone becomes a Select Committee Chairman mid-Parliament, the remaining period of that Parliament would not count against the hon. Member in relation to the two Parliament rule. The amendment is essentially trying to avoid circumstances that have arisen whereby specific Select Committees have not met and appointed their Chairmen, for example, until after the summer recess. Chairmen in that position would chair the Committee for that Parliament and the succeeding Parliament. I am trying to get the rule back to the original intention: to apply to the lifetime of a Parliament. I want to remove the unnecessary focus on the eight year period.

Chris Grayling: Can my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) therefore serve as Chairman of the Procedure Committee for the entire Parliament?

Mr. Hoon: No. I shall try one last time. I suspect that the Procedure Committee did not meet until October 1997. Consequently, the election to the Chair of the hon. Member for Macclesfield (Sir Nicholas Winterton) was delayed, whereas the various other Committees had been in a position to appoint their Chairmen before the summer recess. That would nevertheless count as a single Parliament, irrespective of the eight year rule, for which the hon. Gentleman was entitled to serve as Chairman. The second Parliament would be that from 2001 to 2005. The two term rule would therefore have been satisfied.

Chris Grayling: I am grateful for that clarification. It remains my view that when an eight year period comes to an end, the term of office should last until the end of the Parliament.

Mr. Leigh: It is important to get that clear. The Leader of the House has made it clear—he can intervene again if I get it wrong. Someone who was appointed as a Select Committee Chair in 2001 would have served for the previous Parliament of four years. If this Parliament lasted five years, that Chairman would be allowed to remain in office until the end of the Parliament.

Chris Grayling: I am grateful for that.

Andrew Mackinlay: Some of us who are on low pay are a bit bewildered. Perhaps the Front-Bench Members can explain it to us simple souls. My understanding is that if there were a casual vacancy soon—say next year—either sadly through bereavement or promotion, the Chair's successor would serve for this Parliament and be eligible to serve for two more Parliaments, thus serving for 13 or 14 years. Am I correct?

Mr. Hoon *indicated assent.*

Andrew Mackinlay: Good.

Chris Grayling: I think that that has clarified matters.

Let me move on to the Modernisation Committee's new remit. I disagree with the Government's approach to the Modernisation Committee. That Committee should serve from time to time when there is a need for it to do so. If it meets week after week, it will look for things to do and tread on the toes of other Committees. We have already heard in the exchanges between the Leader of the House and my hon. Friend the Member for Macclesfield about the remits of the Modernisation Committee and Procedure Committee running into each other. The Leader of the House spoke of broadening the Modernisation Committee's remit so that it could examine other issues, especially administration. However, we are in the process of setting up the Administration Committee. Surely that Committee, not the Modernisation Committee, should deal with administration matters. A Committee that meets week in, week out will look for work that may not necessarily exist.

I am in favour of Committees that consider changes that need to be made to the House's procedures and workings, but we do not need a Committee that simply looks for work to do every week. We have other Committees that can make the sort of small changes in procedure, standards and privileges and administration that are inevitably needed in this place. The danger of the Modernisation Committee being in the form that the Leader of the House suggests is that it will get in the way of the workings of other Committees unnecessarily.

I have some sympathy with amendment (a) to motion 34, which the hon. Member for Stockton, North (Frank Cook) tabled, especially given that the Father of the House has rightly been added to the Liaison Committee. The Liaison Committee has gained a high profile because of its work interviewing the Prime Minister twice a year. It has other co-ordinating roles. The Chairmen's Panel has a different purpose from that of Select Committees, but I believe that the House's workings would be strengthened by a bridge between them. The presence on the Liaison Committee of a senior figure from the Chairmen's Panel would be beneficial. Hon. Members should consider the amendment carefully and sympathetically.

Sir Nicholas Winterton: The Leader of the House suggested that the right hon. Member for Swansea, West (Mr. Williams) was on the Liaison Committee because he was the Father of the House, but I am not sure that that is the case. He is on it because of his merits and because of the role that he can play. May I remind the Leader of the House that the predecessor of the right hon. Member for Swansea, West was neither the Father of the House nor the Chairman of any Committee? He was appointed by the House because of his experience. While I am delighted that the right hon. Gentleman is on the Liaison Committee—I hope that he will soon become its Chairman again—he is not there because he is the Father of the House; he is there because the House wished him to serve on the Committee because of his experience and knowledge of the House. I very much support the view of my hon. Friend the Member for Epsom and Ewell (Chris Grayling) that a member of the Chairmen's Panel should serve on the Liaison Committee because of the experience and knowledge that they can bring to the work of that Committee.

Chris Grayling: I am grateful to my hon. Friend for his comments. His contribution speaks for itself. There would be significant benefits to that proposal and I hope that the Deputy Leader of the House will address that point later and give careful consideration to the amendment.

There are mixed views in the House about the establishment of a new Administration Committee, but I believe that it is a logical and sensible step. There are a number of areas in which the work of the previous five Committees clearly integrate, including catering, accommodation, the provision of catering services in meeting rooms, broadcasting and information. If we are seeking to communicate what goes on in this place more effectively, and to learn some of the lessons highlighted by bodies such as the Puttnam commission on the ways in which we can improve people's knowledge and understanding of the workings of the House, it is important to remove the artificial divisions between broadcasting and information, and between some of the other functions of the previous five Committees. Those functions should logically come together. We need to take an integrated approach to running the House and the new Committee will play a valuable role in achieving that.

The proposal that the Chairmen of Standing Committees should be paid has come from the Senior Salaries Review Body. The structure of the proposal on the table today has been discussed by the SSRB, although it is not its original proposal, as the Leader of the House pointed out. It is, however, a proposal that the body has studied and to which it makes reference in its report. Having had conversations with the Leader of the House and with the Chairman of Ways and Means, I understand the reservations about the SSRB recommendation. I was initially taken with the concept of an A list of senior Chairmen and a B list of those in more junior positions. I understand the questions about the viability of such a proposal, but it remains my view that a fragmented, time-based system such as that set out in the motion would not be the right way forward.

Let us take the example of a distinguished, experienced Select Committee Chairman who stands down from that chairmanship at the end of the period specified in the rule that the Leader of the House has described. The former Chairman might return to the Back Benches without a role in the House, and then be invited by the Speaker to join the Chairmen's Panel. That would be precisely the kind of person whom we would want to provide a senior, experienced and respected lead in Committees, the kind of Member who people could look up to and accept in a Chairman's role. Is it really right that such a person should join the Chairmen's Panel on a year's probation, as a junior member? Should not they be brought in with the same status and stature, both in terms of the view of the House and of remuneration, that they would have enjoyed if they had carried on as a Select Committee Chairman?

It is illogical to try to attract to the Chairmen's Panel some of our senior people, perhaps a decent interval after they have left Government and returned to the

[Chris Grayling]

Back Benches, or after they have given up a Select Committee chairmanship, if we are going to bring them in at the bottom of what is intentionally designed to be a career ladder. That is my big concern about the Government's proposals.

We also wonder whether it is right to introduce a system of increments for the first time. Such systems are common elsewhere, but we would, for the first time, be introducing the principle of more pay for longer service.

Mr. Forth: There is another way of looking at that, which would involve calling it a probationary period. I asked the Leader of the House whether he could give me any examples of this being done before, but he was unable to do so. Ministers get full pay as soon as they are appointed, as do Select Committee Chairmen and even Deputy Speakers of the House. Does it not therefore seem anomalous to my hon. Friend that the Chairmen's Panel should be picked out uniquely for this rather odd gradation of probationary treatment?

Chris Grayling: Serving on the Chairmen's Panel is hard work, and sitting in the Chair of a long Standing Committee is a challenging task. Those who do the job have an extremely important role to play. They should be—and, indeed, are—some of the most respected senior colleagues in the House. We should treat them as such.

Mr. Gordon Prentice: May I invite the hon. Gentleman to answer a question that I put to the Leader of the House earlier, to which the Leader of the House did not respond? How do Members get on to the Chairmen's Panel? What are the criteria for selection? Are Members ever turned down or rejected?

Chris Grayling: I hate to disappoint the hon. Gentleman, but I cannot answer the Leader of the House's questions for him. I suggest that he puts his question to the Deputy Leader of the House at the end of the debate.

Andrew Mackinlay: I wish the hon. Gentleman a long time in the House. Will he give a personal undertaking that if and when there is a proposal that Members on the Opposition Front Bench should be paid an additional stipend, he will oppose it?

Chris Grayling: I am not aware of any such proposal—

Andrew Mackinlay: Yet.

Chris Grayling: So I am not going to be drawn into speculating—

Andrew Mackinlay: Yet.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Member for Thurrock (Andrew Mackinlay) is an experienced Member of the House. He knows that he must not conduct a debate from a sedentary position.

Chris Grayling: I think that we should cross that bridge when the Government make such a proposal. I shall not be diverted away from the motion before the House today.

My right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) makes an important point. The Leader of the House does not get a pay rise when he has been in his job for a year, and neither do the Speaker, the Deputy Speakers, Select Committee Chairmen or MPs. So this proposal represents a new dimension in regard to pay in the House, and I am not entirely comfortable with it.

A paid environment requires a formal commitment of time by members of the Chairmen's Panel. The SSRB is quite clear about that. Indeed, certain elements that are missing from the Government's proposals include two specific recommendations by the SSRB, which have perhaps been addressed implicitly, although not explicitly. Its recommendation No. 6 states:

"However in this case it will in our view be important for the House to be clear, before payment is introduced, what administrative or other measures ... are to be put in place to ensure that the different levels of reward are correlated as far as possible with the different contributions of Panel members."

Recommendation No. 8 states that

"before payment of Standing Committee Chairmen is introduced, the House should give consideration to the question of Chairmen's outside interests, and payment for activities outside the House."

The Leader of the House has not addressed those recommendations today and I would be grateful if the Deputy Leader of the House could clarify in detail what is happening in that regard.

Mrs. Dunwoody: When I entered the House, there was a long and honourable tradition among some well-known Chairmen of sleeping happily through the most complex of Standing Committees, particularly on the Finance Bill. So far as I know, they were never removed from the Chairmen's Panel. Once we get involved with these proposed gradations, we shall get into the most terrible mess. That is why I opposed the proposals for paying Select Committee Chairmen. Would it not be sensible just to say, "Pay the gentlemen"?

Chris Grayling: I well understand the fatigue of those Chairmen that the hon. Lady describes. Having sat through Standing Committees myself, I have enormous admiration for the Chairmen who manage to stay alert and involved in certain debates, important though they are. The hon. Lady is right; we should simply pay them. My anxiety about the motion is that it over-complicates what should be a straightforward situation.

In relation to motions 37 and 38, I absolutely agree with the Leader of the House. The Committees concerned are important and should not be separated from the work done by others in terms of the way that they are seen by the House, the way that they are treated or the way that their Chairmen are remunerated. He has our support on those motions.

Today's set of proposals will undoubtedly prompt comment from the Back Benches. Broadly speaking, they are package with which I and my colleagues are comfortable. Above all, however, such motions are not for the Front Bench but for the House. I wait with interest to hear the contributions of Members on both sides of the House to the debate. The House will make up its mind in due course.

2.20 pm

Mr. David Heath (Somerton and Frome) (LD): Before I start my comments on the motions, may I welcome the Leader of the House's announcement about the book of condolences, which will be much appreciated by Members in all parts of the House? I am grateful to him.

We are dealing with a rather belated process of appointing Select Committees, which has been eagerly anticipated by Members in all parts of the House and by many people outside. I detect a huge degree of enthusiasm from Members who are about to be appointed to Select Committees, some of them for the first time. I read in *The Times* about one of our new colleagues—I do not think that he is in the Chamber at the moment, and I will certainly not identify him—who was so enthusiastic that he sent out a press release saying that he was delighted to have been appointed to the "powerful" and "much sought-after" Education and Skills Committee. He has pre-empted the view of the House a little, but many Members will share his enthusiasm about participating in the work of "powerful" and "much sought-after" Select Committees.

Dr. Gibson: In relation to the time delay in getting these Committees going, does the hon. Gentleman agree that patronage and blackmail take some time to enact?

Mr. Heath: I have the greatest esteem for the hon. Gentleman, who was my Chairman when I served on the Science and Technology Committee, and who I presume is alluding to what the Leader of the House referred to as the principles of the Labour party. I am certainly not in a position to comment on the principles of the Labour party, other than to say that they appear to take a particularly long time, especially in the case of the Science and Technology Committee, of which he was a distinguished Chairman who took the Committee to a new level of respect for its work.

As the hon. Member for Nottingham, North (Mr. Allen) suggested, we need to consider again the process of selection. There are innate difficulties in relation to a simple election process, and he would be the first to recognise that. Clearly, if we are to ensure that all parts of the House are represented properly on Select Committees, and that there is not a majoritarian view as to who is the appropriate person to sit on a Committee, safeguards must be built into the process. I accept, however, that a simple process by which it appears that it is those on the Front Bench, or worse, solely the Whips, who determine who sits on Committees, for their own advantage in terms of patronage or discipline, is not the way for the House to choose who sits on Select Committees. I hope that we can arrive at a better system.

Mr. Forth: Does the hon. Gentleman agree that, first, Select Committees should have equal numbers of Government and non-Government Members, and secondly, that after a proper allocation of chairmanships by party according to the numbers in the House, each Committee could then elects its own Chairman, given the party distribution and given an equal representation of non-Government Members on Committees? Would that not be a step forward?

Mr. Heath: I hear what the right hon. Gentleman says. Certainly, I was one of those who urged, when we were considering the difficulties with regard to the Standards and Privileges Committee, that for self-evident reasons it was not in the interests of that Committee to have a Government majority. Equally, I feel that there needs to be a regard for the composition of the House. Given the strong position of Chairmen of Select Committees in carrying forward the business of the Committee and given the status that they hold, the composition of the House must be a factor in that regard, too. The difficulty, which we need to address, is how to balance those two objectives, which are equally valid but not easy to reconcile. That is why I support the view that we need to consider this matter again.

It would also be greatly to the House's advantage, and would avoid what has happened this year, were we to have a clear timetable, set out before a general election, for the completion of the process. It has taken far too long this time, and the fact that the Welsh Affairs Committee and the Science and Technology Committee will not be in a position to meet before the recess means that the lack of scrutiny will extend from March until October. It does not take a mathematical genius to work out that that is too long for the Government's work, which continues during that period, not to be scrutinised, whether or not there are departmental Select Committees.

John Bercow: Even were one to have regard to party balance in the allocation of Select Committee chairmanships, does the hon. Gentleman agree that there is absolutely no requirement whatever for there to be effectively a mandated requirement for members of the Committee, on pain of defiance of the Whips Office, to vote for a particular candidate as Chairman?

Mr. Heath: I am most grateful to the hon. Gentleman for that observation, and I agree with him entirely. At present, the difficulty is that a decision is taken as to who should be Chairman of a Committee without taking into account the views of that Committee. As I said, I think that there is a need for party allocation, and speaking as a former council leader for too many years, I am afraid that I recognise the practicalities of organising these matters to arrive at a satisfactory conclusion. Ultimately, however, it seems entirely appropriate that members of a Committee, being aware of the political party to which a chairmanship has been allocated, should nevertheless have a free vote on whom they choose in that capacity. That might circumvent some of the unpleasant manifestations of power struggles within the Government party, which seem to have delayed proceedings on this occasion.

Mr. Allen: Does the hon. Gentleman accept that however a Select Committee is composed—I have some sympathy with the proposal of loosening the composition—the most important thing is how it conducts its business? A Select Committee that had a particular majority or a particular view, and that was unable to talk to the Government, would be marginalised and rendered useless by the Government's response to it. Is not the principle that we need to get over to the Government that they should not be afraid of Select Committees or Parliament and that we can make a contribution to better governance in this

[Mr. Allen]

country, rather than trying to control, contain and select the membership of Committees that should be exclusively the gift of the House?

Mr. Heath: The hon. Gentleman is absolutely right. Of course a Committee should have complete freedom in terms of its conduct and the way that it organises its business. It is also necessary for the Government to be prepared on all occasions to respond appropriately to the Select Committee. Having sat on the Science and Technology Committee in the previous Parliament when we wished to consider the scientific aspects of terrorism, to be told by the Home Secretary that he would neither provide evidence to the Committee on that matter nor allow any official within his purview to give evidence to it, because in his opinion that was a matter for the Home Affairs Committee, not the Science and Technology Committee, is outrageous. It was an abuse of power by the then Home Secretary. On that occasion, Parliament, through the Select Committee, should have been in a position to express a more robust view in response to the Department.

Mr. Allen *rose—*

Mr. Heath: I give way, for the last time, to the hon. Member for Nottingham, North.

Mr. Allen: I am grateful to the hon. Gentleman for giving way again. He is leading toward the logical conclusion that unless Parliament's own Standing Orders provide for how soon after a general election Select Committees should be created; unless we take control of issues such as the response that the Government are expected to give to departmental Select Committees; unless we, rather than the Government and Opposition Front Benchers, control this process—the hon. Gentleman's own Front Benchers have not exactly covered themselves with glory in this regard in the past few weeks—the Government will always be able to refuse to reply to a report, or to refuse to create Committees that scrutinise the Government themselves. The anachronism is that the Government are the driving force behind setting up Committees that scrutinise the Government themselves, rather than it being clearly established in our Standing Orders that Parliament is the driving force—

Mr. Deputy Speaker: Order. I point out to the House that this subject has been aired very considerably and, in the case of the hon. Member for Nottingham, North (Mr. Allen), repetitively. It is not an item on the Order Paper for decision today, and we have heard enough about it.

Mr. Allen With great respect—

Mr. Deputy Speaker: Order.

Mr. Allen: On a point of order, Mr. Deputy Speaker. Some 65 Members of this House, plus many others, put their name to an amendment that would have enabled us to debate this matter properly, but unfortunately it was not selected for debate.

Mr. Deputy Speaker: Precisely. I call Mr. David Heath.

Mr. Heath: I am grateful, Mr. Deputy Speaker. I do not intend to prolong the dialogue with the hon. Member for Nottingham, North, other than to say that I do not entirely understand his reference a moment ago to my Front Benchers, about which he might like to speak to me afterwards. So far as I am concerned, on this issue I am the Front Bencher, and I certainly have not entered into any discussions of the sort that he suggested.

The proposition regarding the Administration Committee seems entirely sensible. I hold no brief for the old Catering Committee's independence of spirit, so this is a sensible step forward. My only question concerns the Administration Committee's ability to establish sub-committees. I hope that, having established a single Administration Committee, we are not then going to re-create the old House Committees as sub-committees, in their own right, of that Administration Committee. Doing so would involve simply spawning an extra Committee, with no benefit to the business of the House, so I hope that that is not the intention.

On motion 6 and term limits, through a process of interrogation the House has come to understand precisely what the Leader of the House's proposition means. It seems a little perverse, as the hon. Member for Thurrock (Andrew Mackinlay) said, for an early resignation from the Chair of a Committee to result in someone's being able to serve anything up to just short of 15 years in the Chair, given that others are limited to eight years. That does not seem entirely logical, but of course, there will always be exceptions to any rule. I should also point out that we are already getting desperately near to mid-term, and one wonders whether those who are finally elected as Committee Chairmen after the long recess will be deemed to be serving for a full Parliament, or for a part-Parliament that can be disregarded for accountancy purposes.

There is another illogicality in respect of motion 6. As the hon. Member for Pendle (Mr. Prentice) has pointed out, changes in the machinery of government apparently create a new entity for the purpose of the relevant Standing Order. As the hon. Member for Epsom and Ewell (Chris Grayling) said, we very nearly had a new "Department of Productivity, Energy and Industry". Who knows whether the same Select Committee that serves the Department of Trade and Industry would have served that Department? It was to have a different name, so presumably there was some difference in emphasis. It would have been absurd to have turned back the milometer, simply because of a minor change in nomenclature. Given most Members' parliamentary careers, it would surely make more sense to say that eight years, or two Parliaments, spent chairing Select Committees was the determining factor, rather than the time spent chairing a particular Select Committee. It is relatively rare for someone who has chaired a particular Select Committee for two Parliaments to seek election as Chair of another Select Committee.

On motion 7 and the size of Select Committees, I have no quarrel with the broad principle of the proposal. However, the change in the size of the Environment, Food and Rural Affairs Committee and the removal of its capacity to have two sub-committees means that we are finally airbrushing agriculture out of parliamentary

history. Agriculture has already disappeared, practically, from Environment, Food and Rural Affairs questions. It has been overtaken by questions—very important ones, I am sure—about the environment, and it is almost impossible for those of us who serve rural constituencies, in which agriculture remains a significant industry, to raise relevant issues. As a result of this change, there will be no parliamentary entity devoted to agricultural policy. This is a very long way from just a few years ago, when we seemed to talk about nothing else. As a Member representing Somerset, I consider that a retrograde step. How we produce our food, who produces it and what happens in rural Britain are still important issues, and because of this change, we will lose the opportunity to debate them.

In setting up this array of Select Committees today—assuming that the House agrees to the motions before it—I remind the Leader of the House of two issues that are not dealt with on the Order Paper, the first of which is the setting up, hopefully, of a Joint Committee on House of Lords reform. It is eagerly anticipated in some quarters that we make progress on what is a half-finished job. Such a Committee is the starting point, and I hope that the right hon. Gentleman will give the matter his close attention.

Secondly, I want to renew the suggestion that I made to the Leader of the House at last week's business questions. Following the successful bid for the 2012 Olympics—I have spoken to other Members about this issue since, and I know that a number of them agree with my view—there is substantial merit in setting up a special Select Committee to deal with the Olympic preparations. The Australian Parliament did so in preparation for the Sydney Olympics—*[Interruption.]* The right hon. Member for Bromley and Chislehurst (Mr. Forth) says from a sedentary position that it involves lots of travel. I should make it absolutely clear that I hope that such a Committee will not be created for the purpose of arranging visits to cities that have staged the Olympics, nor in anticipation of the provision of tickets for Olympic events. Rather, it should scrutinise the very large expenditure of public money, cross-departmental in nature, and examine how the benefits associated with the successful Olympic bid will spread beyond London to other parts of the country which we are constantly reassured will benefit, even though we have yet to be entirely convinced. Such a Committee should also provide continuity across the two or three Parliaments during which there may, or may not, be changes of Administration. There will certainly be changes in ministerial responsibility, so we should seek continuity in respect of the House.

Mr. Christopher Fraser (South-West Norfolk) (Con): Will the hon. Gentleman explain how such a Committee would interact with the all-party Olympics group, which already exists in the House?

Mr. Deputy Speaker: Order. It is perfectly in order for the hon. Gentleman to refer to a Committee that might have been set up in relation to a motion that deals with setting up particular Select Committees, but we do not want to go down that particular avenue.

Mr. Heath: I am grateful, Mr. Deputy Speaker.

I shall move on to motion 34, which deals with the Liaison Committee. That Committee has, to some extent, grown like topsy in both size and responsibilities. It has moved a long way from what it did previously—largely sorting out matters at issue between departmental Select Committees and making common representations on behalf of Select Committees. It now has a regular opportunity to scrutinise the work of the Prime Minister and to ask questions. For that reason, it has become an extremely popular Committee.

It worries me slightly that that has happened, as the Liaison Committee is not necessarily the best vehicle for scrutinising the work of what is effectively, as we move towards a more presidential system, the Prime Minister's Department. I leave it to the House to determine whether that development should be welcomed. Nevertheless, we need a more formal and better way of scrutinising the Prime Minister and holding him to account beyond the opportunities that arise from Prime Minister's questions. As I said, I am not convinced that the Liaison Committee is the best body for doing so, but it is the best that we have at present.

I shall listen carefully to the arguments for adding Members of the Chairman's Panel to the Liaison Committee, but I have to say that I will need some persuasion that that is appropriate. It is not that I oppose further expansion of the Liaison Committee or that I want to deprive the hon. Member for Macclesfield (Sir Nicholas Winterton), if he were the person suggested, of taking on that role for the Committee. The difficulty lies with whether the Chairman's Panel—we should remember that it comprises the Chairmen of Standing Committees of the House—should take on a political role in the sense of questioning the Prime Minister and taking up political matters with the Executive.

We must expect impartiality from Members in their role as Chairmen. Of course they have a separate political role as Members of Parliament when they sit in the Chamber and act in their capacity as Back Benchers, but that is different from how they should act as Chairmen selected by the Chairman of Ways of Means to perform a particular function. In that context, they require a degree of impartiality that should be exercised habitually, but might be prejudiced by membership of the Liaison Committee. We need only think of Mr. Speaker or Mr. Deputy Speaker being asked to sit on that Committee and put questions to the Prime Minister to realise that the development should not necessarily be welcomed. Given that Chairmen are, in effect, vicariously representing Mr. Speaker or Mr. Deputy Speaker in their roles, I am not sure that it is appropriate for a person in that capacity to be put in that position—and I am not even sure that the scrutiny role should be given to the Liaison Committee in any case. There are better ways of providing proper scrutiny.

Finally, I want to deal with the payment of Standing Committee Chairmen. I have been agnostic, at best, on the question of the payment of Chairmen of either Select or Standing Committees. I personally remain to be convinced, though many of my colleagues feel otherwise. I understand the need for a process of career

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development within the House for those who are neither invited to, nor likely to, take on a governmental role. That applies to members of the Opposition parties as much as to the Government party. If the House takes the view that Select Committee Chairmen should be paid, I understand the argument that there should be payment for the Chairmen of Standing Committees.

I would like to say how much I value the role of hon. Members who are prepared to take on the chairmanship of Standing Committees of the House. In my role as shadow spokesman on Home Office and Department for Constitutional Affairs matters, I have sat on an inordinate number of delegated legislation Committees over the last few years. I have also represented my party from the Front Bench on many substantial Bills, which have required many hours of Standing Committee time, and I have nothing but admiration for those who sit in the Chair—without the capacity to express their own opinions—keep order and uphold the machinery of parliamentary work.

I looked carefully at the Senior Salaries Review Board report, but I do not believe that it has got it right. There is a question mark about the two-tier system, which I am not convinced is workable. Having a one-tier system, despite the superficial attraction, does not take into account the difficulties of choosing new Members to sit on the Chairman's Panel and giving them an opportunity to dip their toes in the water to see whether they are suited to that role in respect of their personal aspirations or their performance.

There is merit in the proposal, which I understand originated from you, Mr. Deputy Speaker, as Chairman of Ways and Means, for a gradated system. I can see the advantage of allowing people in the initial stages to leave the Chairman's Panel in order to take on a Front-Bench role within the party. We can fairly establish that once a Member has been on the Chairman's Panel for a few years, it is unlikely that they would be invited to take on such a role, but there is merit in allowing a certain amount of flow in the initial changes. With the best will in the world, paying a substantial amount of extra money from day one may make it much more difficult to allow that flexibility.

I am attracted to the proposal put forward by the Leader of the House. It is a matter for a free vote and I have no idea how colleagues feel on what is essentially a House matter. I shall listen to the arguments, but I am not attracted to a two-tier system because I do not like the idea of having one category of "super Chairmen" and another category of less able Chairmen. That is not the right way to do our business.

The hon. Member for Thurrock alluded to an important matter: we shall quickly reach the stage at which the only people who do not have some sort of supplement to their pay are troublesome Back Benchers on the Government side and Opposition Front Benchers, who will have to undertake their arduous duties with no consideration of extra emoluments. I say that without any expectation of sympathy, but it seems slightly anomalous that the people who most regularly intervene and question the Executive from both sides of the House are the least well paid for the privilege of doing so. Perhaps we should take pride in that position and accept that our reward lies in heaven.

2.49 pm

Mr. Alan Williams (Swansea, West) (Lab): I had not intended to make a speech today, just to make the odd intervention, but I want to follow on from what the hon. Member for Somerton and Frome (Mr. Heath) has just said about the evolution of the Liaison Committee.

When I first joined it, the Liaison Committee was essentially a management committee for the Select Committees, dealing with budgetary and other in-house matters. We managed to evolve a new system for dealing with the administrative side, and that gave the Committee Chairman time to deal with issues relating to Parliament more generally. The Liaison Committee's evolution over the past four years has affected its collective thinking about the workings of the House, as well as allowing it to deal directly with the Prime Minister.

As far as the Prime Minister's visits are concerned, I do not pretend that they are the perfect way to conduct interviews with him. However, what we have is vastly better than anything that we ever had before, because no other Prime Minister has ever submitted himself to regular scrutiny by a Select Committee. We have had to adapt to ensure that we get best value from the meetings.

Fortuitously, the involvement of so many Committee Chairmen in the Liaison Committee means that, collectively, we are able to bring informed opinion to bear on all aspects of Government policy. For the time being, the Committee is the best vehicle that we have for that, but I have no objection to trying to find more effective ways to carry out our work. Even so, I expect that we will carry on as we are in the near term.

We are trying to arrange a meeting of the Liaison Committee for Thursday morning, so that it can be established formally. We hope to get a meeting with the Prime Minister as early as possible in the autumn, and informal contacts to that end are already in hand. After the autumn, we will revert to the normal timetable of holding meetings in January-February and June-July. That will mean that we will not have lost a hearing with the Prime Minister, and that we will have held our full quota of meetings over the life of this Parliament.

I want to touch on a couple of points in passing. First, I agree with those colleagues who think that a single-tier system of payment is to be preferred. Any other system would be too complicated and would lead to inequity.

Another question has to do with the size of Select Committees. The Liaison Committee was unanimous in its opinion the last time that question arose. Indeed, the then Leader of the House has admitted that he was astonished by the strength of feeling that he encountered when the Liaison Committee insisted that a membership of 11 seemed to be the optimum. The Committee made it clear that it believed that a larger membership caused repetitiveness and lacked cohesion. If the House agrees to the proposition before it today, the Liaison Committee will probably conduct a review of its members as to whether larger Committees work, and report to the House accordingly.

Finally, the Osmotherly rules have been referred to. We live in a time of political disenchantment and disconnection, when people have rumbled that they are not very involved in the democratic process. People who live to be 80 have perhaps 18 opportunities to vote in general elections, but that is their total democratic

input. As I have said before—and I apologise for repeating it—democracy exists meaningfully only if the Government are held to account every day in the House of Commons.

We are talking today about establishing Select Committees, but that means setting up the process and machinery of interrogation. We must remember that that is the prime objective of the Select Committees. It is a matter not of sharing the spoils between us, but of getting our Committees to work as effectively as possible.

I am worried that the role of scrutiny will slip from Parliament unless the Select Committees are able to assert themselves positively. In the previous Parliament, a gulf emerged between the Hutton and Butler inquiries and the Select Committees. The quality and quantity of information and witnesses available to Hutton and Butler were much greater than any to which the Select Committees had ever had access.

A challenge now faces the House, and the Government. What part do the Government want to play, and where do they want to go with Select Committees? Unless there is greater co-operation with the Committees in the provision of information, the demands for inquiries to be conducted outside the House will grow louder, and that will happen because such inquiries cannot be conducted efficiently inside it. That is why the Liaison Committee told the previous Leader of the House that we needed greater access to witnesses and better provision of information.

An undertaking was given that, in future, there would be a presumption that information and witnesses would be provided when the Committees asked for them. It is now up to the Government to fulfil that undertaking. If they do not do so, they will suffer too: the Select Committees will lose credibility as the centre for Government accountability, and the Government will find that ad hoc, non-representative committees are increasingly doing Parliament's job.

Although hon. Members have been laughing and joking in the debate, the truth is that we have a very short time in which to ensure that our system of accountability works effectively. If we do not achieve that, the role of holding the Government to account will slip away from Parliament.

2.57 pm

Sir Nicholas Winterton (Macclesfield) (Con): I am extremely honoured to follow the right hon. Member for Swansea, West (Mr. Williams) and I hope that the House will heed his very wise words. If our parliamentary democracy is to remain respected and trusted by the electorate, the House as a whole must be able to scrutinise a Government's performance, legislation and management of the country as fully and effectively as possible.

In my experience, the Select Committee system is the only way to achieve that. Therefore, the usual channels—that is, the Government and Opposition Front Benches—should not have a major patronage function when it comes to appointing members of Select Committees. I think that the hon. Member for Nottingham, North (Mr. Allen) is trying to achieve that, although I am not sure that I go along with the procedure that he proposes. In the previous Parliament, the Modernisation Committee put forward proposals that could have achieved what many Back-Bench Members want but, sadly, those proposals were rejected by the House by a narrow majority.

Shortly, the Leader of the House will be elected Chairman of the Modernisation Committee. I hope that he and the shadow Leader of the House will review the appointments of hon. Members to Select Committees so that those Committees can fulfil their functions on behalf of the House.

My contribution to the debate will be brief, but I wish to reiterate a point that several hon. Members have already made, which is that the Government of the day have a duty to appoint Committees as quickly as possible after a general election, so that the House can properly monitor and scrutinise legislation and the performance of the Government.

I remain somewhat confused by the explanation that the Leader of the House provided to other hon. Members on the question of term limits for Chairmen of Select Committees. It appears that there is an eight-year rule, but that that period could be extended to 12 or 13 years. I am sure that that cannot be right or fair in any situation. The period should be two Parliaments or eight years. If someone is appointed in the middle of a Parliament, the three years of that Parliament should not be entirely ignored so that they can go on to serve as Chairman of a Select Committee for a further two Parliaments.

Mr. Gordon Prentice: The important point is that if the remit of a Select Committee is changed in any way, it becomes for all intents and purposes a new Select Committee.

Sir Nicholas Winterton: I am not sure that that is a helpful intervention in terms of the confusion that I am expressing. The Leader of the House gave contradictory answers to the questions that were put to him. I hope that the shadow Leader of the House will clarify the matter in his inimitable way, because it is very important. I am likely to be affected by motion 6 in due course, which I suspect will be passed later tonight, and I have some concern about the rule and the inflexible systems that it would impose. Perhaps because of the time that I have spent in the House, I believe that experience is important, especially in matters relating to how the House operates and its procedures, including modernisation proposals. Great experience of the House is very helpful in such debates and in deciding what proposals should be put to the House.

Whether it is appropriate or not, I wish to pay tribute to you, Mr. Deputy Speaker, for the role that you have played in the issue of pay for Standing Committee Chairmen. The role of Standing Committee Chairmen is critical. Those Members who undertake it often work long hours, as the Leader of the House said, unappreciated and without publicity, depriving themselves of other activities in the House, including perhaps speaking in the Chamber and receiving media exposure as a result.

The House cannot do without the Standing Committee Chairmen. I do not subscribe to the view that many of the Committees that I have had the privilege of chairing have been dull, because I happen to

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be hands-on and I enjoy the job. I have done it for nearly 20 years and I am happy to continue to do it as long as Mr. Speaker and his Deputies ask me to continue to serve on the Chairmen's Panel. It is rewarding work. I am delighted that the Senior Salaries Review Body has been involved and that the Leader of the House and others have brought pressure to bear so that the House will decide whether Standing Committee Chairmen should be paid, at the highest rate, at a rate equal to Select Committee Chairmen.

I shall not enter the debate about graduated or non-graduated pay structure. I say only that those who have put forward proposals have done so in the knowledge of what is involved. I respect the Chairman of Ways and Means for the views that he has expressed, because he has an intimate knowledge of the experience that is needed and the time that is taken up to do the job that the House expects of the Chairmen of Standing Committees.

I pay tribute to the work of the Liaison Committee, because of the amendment that indirectly involves me. I would point out to the hon. Member for Somerton and Frome (Mr. Heath) that it is possible for Members on either side of the House to bring a non-party political influence to bear on debate and discussion, especially when it relates to the way in which the House of Commons operates, deals with legislation and its procedures to ensure proper scrutiny. Towards the end of the last Parliament, for example, the Procedure Committee, which I chaired, produced a well-balanced report on programming, which recommended changes to programming to make it more acceptable to all parties in the House. That shows that Members who could sit on the Liaison Committee could bring a non-party political experience and knowledge to bear on some of the important matters that the right hon. Member for Swansea, West mentioned in what I consider to be a keynote address in this debate.

Mr. Heath: I do not doubt any of the points that the hon. Gentleman has made. Indeed, it is essential, especially in matters of procedure, that Members take a quasi-judicial view of matters. What I cannot understand is how that fits with the work of the Liaison Committee. The point that I wanted to make was that the Liaison Committee has two roles—an organisation role, in which the Chairmen's Panel is not involved, and an interrogatory role with regard to the Prime Minister, in which the Chairmen's Panel should not be involved.

Sir Nicholas Winterton: I accept that, and a member of the Liaison Committee has no need to take part in the questioning of the Prime Minister if he or she thinks that it is inappropriate to do so. However, I also remind the hon. Gentleman that in the last Parliament, the Liaison Committee produced two excellent reports—as I am sure the right hon. Member for Swansea, West remembers, because he chaired the Committee—on how Parliament could better scrutinise legislation and hold the Government to account. The reports also addressed the role of Select Committees. That had nothing to do with party politics, and it is important that the Liaison Committee—one of the most powerful Committees, if not the most powerful, in the House of Commons, because it is composed of the Chairmen of all the other Committees—should have a non-party political input into matters relating to the way in which the House undertakes its work. The reports published by the Liaison Committee were very important, but they were not heeded sufficiently by the Government. I hope that in the future such reports will receive better attention and a more sympathetic hearing from the Government of the day.

I hope that the amendment tabled by the hon. Member for Stockton, North (Frank Cook), my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) and other distinguished Members on both sides of the House will receive a little more sympathy from the Deputy Leader of the House than, sadly, it received from the Leader of the House. It offers a constructive way of bringing an element of continuity in the Liaison Committee from one Parliament to another. As the hon. Gentleman will, I am sure, work out, there will be many new members of the Liaison Committee, so an element of continuity will do no harm. I do not make that point out of any particular preference for myself, but in future the senior Member on the Chairman's Panel could add usefully to the work, knowledge and experience of the Liaison Committee.

In the main, I warmly support the motions that the Government have tabled today. It is important that the Select Committees be set up, and I was extremely encouraged that the right hon. Member for Swansea, West indicated that the Liaison Committee would meet before we break for the summer recess. That is a fantastic gesture and I hope that it will be taken up and that it will prove possible to hold that meeting.

3.11 pm

Andrew Mackinlay (Thurrock) (Lab): Before I aggravate anybody, I commend motion 15 to the House. I have a selfish interest as I want to be a member of the Foreign Affairs Committee. I extend thanks in good measure to the Government Chief Whip and, I suspect, to the elected Members of the parliamentary Labour party who worked hard to draw up the list of Labour nominees. Sometimes, I think that the holy spirit may have intervened, as I understand that it was a close-run thing as far as I was concerned, so I am grateful to be on the list. However, the process gives rise to questions about the way that Select Committees are set up, as other Members have pointed out.

My hon. Friend the Member for Nottingham, North (Mr. Allen) is not in the Chamber, unfortunately. I disagree with his proposal, although I share his objective in taking decisions on all these issues away from Front-Bench Members. We should be looking ahead four years, and the negotiations on the apportionment of Chairmen between the political parties and the size of Committees should be determined by the chairman of the parliamentary Labour party, the chairman of the 1922 executive and/or an appropriate officer and appropriate representatives of the other political parties. There are two reasons for that. First, it would remove, or reduce, the feeling that there is patronage, especially when the payment of Chairmen is involved. Secondly, it would help in the expedition of business. With the best will in the world, after a general election Government and Opposition Whips are preoccupied with other things.

After a general election, all Members could indicate to their parties which Committees they are interested in from day one, and the necessary processing would be expedited if it was dealt with by the party secretariat and Back-Bench representatives of the political parties rather than the Whips, which only delays things and creates jealousy and suspicion about patronage.

I confess to emotional swings as I listened to the debate, especially the speeches of the two Front-Bench speakers. At one point, I thought that I had my whole career before me, but then I swung the other way and thought that my wilderness years were going on for rather a long time. There would be so many people who would have the opportunity of receiving enhanced payments and so many distinguished people who would have to find a role. I am confused. We are elected to this place as Members of Parliament and it is part of our job to decide how we discharge that duty. I can understand that the principal Officers of the House and senior members of the Government should receive substantial payment, but the whole drift towards extra payments is unhealthy for democracy. There is vast disparity in the pay of Ministers and we are aggravating that situation by paying Chairmen of Select Committees—and we now propose to extend that further. That is unhealthy. We should be working towards a situation where every Member of Parliament is deemed equal. He or she should defend stewardship of their office before the electorate when they seek re-election. There should be no additional payments such as those we instigated in the last Parliament and are likely to extend this evening. That will make things extraordinarily difficult.

Nobody has noticed that one aspect of government on which we are not setting up a Select Committee is security and intelligence, for which there is no parliamentary oversight. We must be unique among democracies in not having a parliamentary Committee providing such oversight. There is a Committee made up of parliamentarians, appointed by the Prime Minister, who is in charge of the security and intelligence services, but it is not a parliamentary Committee. Indeed, I can make a double whammy and draw attention to the perversity of the fact that that Committee, which I do not recognise—indeed, the Clerk of the House made clear to Hutton that it is not a parliamentary Committee—has a Chairman, my right hon. Friend the Member for Torfaen (Mr. Murphy), who will not be paid a penny. He cannot be paid, because if he were, it would be an office of profit under the Crown and there would have to be a by-election in Torfaen. Nobody seems to have thought about such ridiculous anomalies. As we are only doing half our job, perhaps we should propose a motion setting up a parliamentary Committee on security and intelligence. If there are payments for Select Committee work then no doubt the Chairman of that Committee could receive payment, too. There is a big void in our scrutiny arrangements.

People pray in aid the Senior Salaries Review Body. Has there ever been an occasion when a reference to that body met with the reply that not a penny extra should be paid? Of course not. Its members are the great and the good—the glitterati—who enjoy being part of that body. When they are invited to make a recommendation they always do so. I can give no credence to the fact that the SSRB has said that there should be payments. In any case, who are they to say that? They are not Members of Parliament. They do not know what goes on here or what the duties of a Member of Parliament are—the diligence, dilatoriness or otherwise of individual Members.

My hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) is not in the Chamber, but she is relevant to the debate. Motion 6 is absurd. Its genesis goes back to when the hon. Member for Macclesfield (Sir Nicholas Winterton) was a constant irritant to the Thatcher Government. The convention of service for two Parliaments was instigated at that time, but I cannot escape the conclusion that the Labour Government found the conduct and stewardship of my hon. Friend the Member for Crewe and Nantwich an irritant, too. We should not go about things as the motion proposes.

Soon there will be a casual vacancy of Chairman of a Select Committee in this Parliament. The expectation is that this Parliament will run for a long time. I am an optimist and I hope that after the next two elections Labour will win and that the next two Parliaments will be for four or five years. The person who fills the first casual vacancy as a Chairman could continue in office for 14 or 15 years.

Mr. Forth: The hon. Gentleman should not let his charming paranoia completely run away with him. There is a much simpler explanation, which I remember with great clarity. When the motion to pay Select Committee Chairmen was first tabled, my right hon. Friend the Member for East Yorkshire (Mr. Knight) tabled the amendment for an eight-year limit simply as a quid pro quo. His feeling, which was supported by the House, was that as a balancing factor to paying Select Committee Chairmen we should put some limitation on the length of time to which that should apply. It was as simple as that. There was nothing hidden—no conspiracy—and most people have been happy with that situation ever since.

Andrew Mackinlay: I am grateful to the right hon. Gentleman for clarifying the history of the matter. In any event, I remain to this day implacably opposed to the payment of the Chairmen of Select Committees. I tabled a motion, which is on the Order Paper today, although it will not be selected, to repeal that decision. It is interesting that we were able to repeal other things on our hours. I wish that we could revisit that decision because that would a sensible and fair course.

I mentioned my hon. Friend the Member for Crewe and Nantwich. She also intervened to pay tribute to the Chairmen of the Standing Committees. In case there is any misunderstanding, I also pay tribute to them. I recognise that they often require considerable concentration, precision and commitment to quite complicated issues. My limited experience was of chairing a special parliamentary Procedure Committee that was particularly fractious. One had to be conscious of the need to act almost in a quasi-judicial position and to ensure adequate time for the objectors to proposals to be able to articulate their case before Parliament. I found it a very demanding task.

I do not want to denigrate the skills and dedication of our colleagues who fulfil that role as the Chairmen of Committees, but I return to the point that that is their choice, their style and their approach to the office of

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Member of Parliament. Some of us approach that in different ways. I cannot for the life of me understand how, in the 24 hours in a day, they somehow pedal faster. I suppose the job is so onerous that they could be given more Heineken to make them go faster.

We are also creating new anomalies. When I intervened on the hon. Member for Epsom and Ewell (Chris Grayling), I asked about what would happen if a proposal was made to pay Opposition Members. That was a relevant question for me to ask, given that my case is to say, "Look, no further." If we go back and look at the *Hansard* when we debated paying the Chairmen of Select Committees, we see that hon. Members said that the next suggestion would be to pay the Chairmen of Standing Committees. How prophetic that was.

There is creep, and if the House passes these motions tonight there will be further anomalies. For instance, does the person who runs the Commonwealth Parliamentary Association, the Inter-Parliamentary Union, the British-American parliamentary group or the British-Irish Inter-Parliamentary Body not work extremely hard? Incidentally, the co-chairman of the British-Irish Inter-Parliamentary Body, in which I take some interest, is paid in the Dail Eireann, so our representative sits next to someone who gets emoluments when our person does not. I am not suggesting that those people should be paid; I am just saying that new anomalies are being created at every stage.

Ministers, not Members of Parliament, carry on being paid during general elections. I understand that our colleagues who are the Chairmen of Select Committees had a hiatus in their payments. When Parliament was dissolved, their salary plummeted—presumably, after this evening, it will pick up again—but that could have an impact of pensions in certain circumstances. We are told that Ministers need compensation—it is highly justified, we are told, but I do not accept that—when they leave office. If that principle is good for them, presumably, it will be advanced in respect of the Chairmen to whom we have already decided to pay salaries and those whose payments will probably be endorsed by the House tonight. Such creep is unhealthy, and I do not say that facetiously; I say it very seriously.

I hope that the Minister will give us some indication in his reply about the arithmetic of what proportion of Members will be paid in addition to the Back-Bench Member's salary. Almost 90-odd members of the Government are paid extra, as are the Chairmen of Select Committee, and now the proposal is to pay the Chairman of Standing Committees. That would buttress my point about the fact that the proposal represents an unhealthy growth of patronage and the development of two tiers of Members of Parliament, which diminishes our democratic responsibilities.

The other issue is the Liaison Committee, the Chairman of which has left the Chamber. I remember talking to a member of new Labour some time after the right hon. Member for Sedgefield (Mr. Blair) became Prime Minister. In fact, we were all new Labour, but that guy was hyper-new Labour. I told him that it would be a good idea if the Prime Minister appeared before a Select Committee. His response was, "Mackinlay, I now know that you're completely off your trolley." A few weeks later, the Prime Minister, to his eternal credit, said that he would appear before the Liaison Committee. That was an important departure, but, alas, people do not have ambition about providing scrutiny. I think that that Member has now received great advancement—I am very pleased for him—but he could not understand that it was logical that we should make such progress. The Prime Minister, to his credit, on his own initiative, said that he would submit himself for questioning before the Liaison Committee, but that Committee is clearly not the best vehicle. We should have a smaller Committee—

Mr. Gordon Prentice: With my friend on it.

Andrew Mackinlay: I think that the holy spirit will not go that far. That is testing faith to the limits. The Prime Minister should appear before a smaller Committee chosen by the House, rather than by those on the Front Benches. I hope that we will look into that in the coming years. It seems a natural development that that important constitutional innovation should involve not a very large group, but a small group of senior Members, who can focus on the issues.

My final point relates to the Chairmen's Panel. My understanding is that, hitherto, hon. Members could be tested and invited to join to find out whether they could make a good stab at things. I imagine that there will be logistical problem in the future. Someone—I do not know whether it is you, Sir—invites hon. Members to serve, but regardless of whoever makes the selection or the invitation, those selected will cross the rubicon and they will need some time to familiarise themselves. Something will be lost if new members can no longer be invited to get a feel for chairmanship, probably by chairing a less fractious Committee, and so on.

I cannot understand how the incremental scale, which I oppose anyway, is logical. If it is based on time, it does not reflect the volume or difficulty of work. I have mentioned the Crossrail Bill, which could be considered for a year. Probably, some new hon. Members will be sufficiently skilled almost immediately, like ducks to water, to preside over the Committee that considers that Bill, but that would involve a very long commitment. We will create new problems in selecting, recruiting and inviting people to preside over Committees by instituting that incremental system.

For all those reasons, although the House is not packed, I hope that I may be able to persuade some hon. Members to join me in the Division Lobby tonight to oppose the proposition that not only discriminates against my hon. Friend the Member for Crewe and Nantwich, in particular, but has been shown during the debate to be ill thought through, perverse and illogical. At the very least, we should send the homework back for it to be done again. We should reject the dreadful creep of creating two-tier Members of Parliament and making additional payments to some of our colleagues.

Sir Nicholas Winterton: I respect the hon. Gentleman for the sincerity of his argument, but could he indicate how many businesses that people might enter at, say, the age of 22 or 23 will give them, after 25, 30 or 35 years' service, the same salary as is obtained and offered to someone who joins the company at the age of 22 or 23?

Does he not believe that there should be some recognition of the responsibility and level of work undertaken by Members of Parliament?

Andrew Mackinlay: First, I do not accept the hon. Gentleman's premise that any comparison can be made between business—entrepreneurial functions, or pushing through great new innovations in the public sector—and our unique role as legislators and that of legislators throughout the world. I am open to correction, but I think that we would struggle to find any other Parliament that is setting up great differentials such as those that we are debating today.

The hon. Gentleman's second point was about pay. There was a big queue to get my job. A lot of people wanted to be the Member of Parliament for Thurrock—both Labour candidates and those who stood against me. I signed up to the job and knew the price and the ground rules, so I am not complaining about the pay and rations. It is a great privilege to be here. I do not know how the hon. Gentleman can suggest that we could translate something that happens elsewhere into our procedures.

I return to the obsession with the idea that time served here somehow creates gravitas and makes people great parliamentarians. We all have different views about our conduct and stewardship here, but none of us can escape the fact that the way in which we behave here and our enthusiasm, or lack of it, will eventually be judged not by us, but by the people at the election. They should take the decisions, and we should not give little brownie points to our colleagues here in the way suggested. I hope that hon. Members will join me in the Division Lobby to resist the measure.

3.30 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I wish to move amendment (b) to motion 34 and amendment (b) to motion 35.

Mr. Deputy Speaker: Order. I should point out to the right hon. Gentleman that he can only speak to an amendment that has been selected by the Speaker.

Mr. Forth *rose—*

Mr. Deputy Speaker: Order. Did I mishear the right hon. Gentleman? Does he wish to speak to amendment (a) to motion 34 and amendment (b) to motion 35?–

Mr. Forth: I apologise if I said (b) instead of (a), Mr. Deputy Speaker.

The Deputy Leader of the House of Commons (Nigel Griffiths): The right hon. Gentleman is learning from experience.

Mr. Forth: Yes, I am always prepared to be taught by Members with superior experience.

I shall try to rise to the challenge posed by the hon. Member for Somerton and Frome (Mr. Heath), who quite properly asked why amendment (a) to motion 34 suggests that

"the senior backbench member of the Chairmen's Panel shall also be a member of the Liaison Committee."

I accept that that would be a departure. However, as has been pointed out several times during the debate, the House is in an evolutionary process. Several hon. Members have identified the Liaison Committee as a developing instrument of the House and there is no doubt that the roles that it has now taken on are radically different from those that it had even a few years ago. Most hon. Members agree that that is a good thing and I am sure that the fact that we are honoured to have the Father of the House chairing the Committee adds greatly to its effectiveness. The fact that the Prime Minister now appears before it is a testament to the enhanced role that it now has.

Amendment (a) would make a modest yet important addition to the Committee's development. It reflects the different yet vital role that members of the Chairmen's Panel play in the House. Adding the senior Back-Bench member of the Chairmen's Panel to the Liaison Committee, as the amendment would do, would strengthen the Committee in several important ways.

I shall now attempt to answer directly the question posed by the hon. Member for Somerton and Frome. Members of the Chairmen's Panel have a unique and wide perspective. Anyone who has been on the Chairmen's Panel for a considerable time—the person identified in the amendment—must, by definition, have a lot of wide-ranging experience of chairing a substantial number of Committees considering Bills covering huge areas of policy. Additionally, by dint of being on the Panel, that Member would have considerable experience of procedure and many other aspects of the work of the House. Such experience would add to the effectiveness of the Liaison Committee in its deliberations and its questioning of the Prime Minister.

There need be no great fear that this particular member of the Chairmen's Panel would compromise his or her impartiality by playing a political role with a different hat on. After all, as the hon. Member for Somerton and Frome pointed out, we all have to make that distinction from time to time in our different ways, not least the members of the Chairmen's Panel, who are able—effectively, I hope—to chair Committees with complete impartiality, yet still play a role in the Chamber and elsewhere as politicians. The amendment would be a modest but important step in further enhancing the role and effectiveness of the Liaison Committee, and it is in that spirit that I and the other signatories wish to move it at the appropriate time.

Moving on to my second amendment, I should first make a declaration of non-interest. I am in the fortunate position of already being the Chairman of a Select Committee and therefore in receipt of the established payments to that chairmanship, which disqualifies me from payment as a member of the Chairmen's Panel. I therefore feel free to discuss, without embarrassment, the matters that I am about to embark on, which relate directly to payment of members of the Chairmen's Panel.

I have always taken the view that we got this the wrong way around. I was always an advocate of payment of the Chairmen's Panel rather than of Select Committee Chairmen, because I took the view that Select Committee Chairmen already had a number of tangible privileges. They have a public profile and many of them travelled extensively on fact-finding missions, globally and intergalactically. I felt that that was

[Mr. Forth]

probably reward enough. The members of the Chairmen's Panel, by contrast, do their work silently, surreptitiously and without public recognition, but they do essential work in the service of the House. Having now established the payment to Select Committee Chairmen, however, I believe that it is absolutely right and proper that we now move towards recognising the work of the Chairmen's Panel.

As I understood it, the argument was about recruitment, retention and recognition of what the Panel does. In that regard, I wish that my other amendment, which sadly was not selected, was before the House, because it proposed that members of the Chairmen's Panel go straight on to the full rate of pay. As I suggested in an intervention, I am not aware of any other position, in government or in the House, where a probationary period has to be served. We do not ask Select Committee Chairman to serve on part pay before they are fully paid; nor do we ask Ministers to do that. Indeed, if I may say so, Madam Deputy Speaker, you and your colleagues did not have to serve a probationary period before you got your well-merited rate of pay.

Suddenly we are moving into new territory. The argument, as I understand it, is that some measure of the effectiveness of the new Panel members has to be made before they can go on to the full rate of pay. I am not sure about the merits of that argument, but even if we accept that, I am afraid that the motion before us is a complete dog's dinner. The graduations suggested here are almost incomprehensible and would fail almost completely to meet the tests of recruitment, retention and recognition by their very definition. That is why the amendment in my name, which, happily, has been selected, recognises the probationary element—which I am reluctant to include, but inevitably, I think, have to—but makes it much simpler, cleaner and neater.

The amendment simply says that if appointed to the Panel, one would get half-pay for two years, when a judgment would be made as to one's suitability. If one was not cutting the mustard, as they say, one would be quietly dropped—sacked, dismissed or whatever. If it was deemed appropriate for one to continue in that service, one would go on to the full rate of pay. That neatly provides fairness, effectiveness and, as it is not unduly complicated, comprehensibility. I hope that the amendment will have widespread support. I am happy that recognition is being made of the important role played by the Chairmen's Panel, but I do not think that the original wording fits the purpose, and I hope that I have persuaded Members that my simple solution is in order.

I am conscious that other Members want to speak, so I shall wind up my remarks by saying a brief word about the nature of Select Committees, a subject that has been touched on several times—just to get my view on the record, for what it is worth. To make Select Committees more effective we should consider having equal numbers of Government and non-Government Members on them. That would be a major step in the right direction. Although I concede that it is proper that chairmanships to this or that Committee be allocated on a party basis, after that the Committee members should be able to elect their own Chairman from among their membership.

That would go a long way to meeting the objections that many Members, such as the hon. Member for Nottingham, North (Mr. Allen), have expressed, while retaining some proper party balance across the chairmanships. I would like to think that such things will be looked at further following our deliberations, and I hope that progress will be made in that direction.

3.39 pm

Mr. Gordon Prentice (Pendle) (Lab): I had not intended to speak, but it has been such an interesting and engrossing debate that I thought that I would have my penny's worth. I want to pick up on what the Father of the House said.

In our system, we have very strong government and we need strong scrutiny, a point that my Friend the Member for Cannock Chase (Dr. Wright) constantly makes. If we do not have strong scrutiny, we need to do something about it. I am sure that it is not unique to this Parliament, but we have a terrible curse of patronage. The stain spreads everywhere and we must clean up our act in so far as it is possible.

On the powers of Select Committees, the Leader of the House quite casually dropped into the debate the important announcement that changes to the Osmotherly rules will be published tomorrow. Is not that amazing? The Osmotherly rules go to the very heart of our system. When my Friend the Member for Thurrock (Andrew Mackinlay) wanted John Scarlett to appear before the Foreign Affairs Committee, he was told no. When he said, "We want John Scarlett and we can meet in camera", he was again told no. Then, along came Lord Hutton, who posted everything on the world wide web so that everybody all over the world could see it. Lord Hutton said to Scarlett, "Come before me", and John Scarlett dropped everything to do so. What do the Osmotherly rules do? They set out the framework within which civil servants and those in the Government sphere appear before Select Committees. It will be fascinating to see the new rules when they are published tomorrow.

When the Public Administration Committee, on which I served in the previous Parliament and to which I have been fortunate to have been reappointed, was inquiring into Government communications, we summoned Alastair Campbell, as we were entitled to do. He said that he was on a speaking tour or some such thing and could not appear before us. We asked him to think again. I thought that that would become a great constitutional spat, but Alastair Campbell came before us and that went well. We cannot have people refusing to appear before Select Committees and we cannot have someone—whoever—telling Select Committees that people cannot appear before them, as in the case of John Scarlett.

Mrs. Dunwoody: I am in very strong agreement with my hon. Friend, but I would be happy if the changes to the Osmotherly rules which we are told are about to be made included special advisers. My hon. Friend will remember that Select Committees have got into great

difficulty when they have tried to call before them people who were not paid but who were special advisers and apparently had great influence.

Mr. Prentice: I did not make my point as clear as I should have done. When the Public Administration Committee summoned Alastair Campbell, he had ceased to be a special adviser at No. 10—I was going to say he had left the Government. That is an important point.

It is very important that all political parties lodge in the Library of the House a memorandum setting out their procedures for appointing their party members to Select Committees. I would like the Labour party to do that, as I would the Liberal Democrats, the Conservatives and all the parties. I have suggested it before. When I was on the executive committee of the parliamentary Labour party, which is elected by all Labour MPs, I was constantly struck by how difficult it was to change the lists that came from the Chief Whip. A strange alchemy was used.

Nigel Griffiths: It has got better.

Mr. Prentice: I shall come on to that. If the parliamentary committee suggested any changes, we were told, "You have to watch the gender balance, which new Labour cares about." We were told that there was a regional balance or an experience balance to maintain; there was a balance between new Members and old Members, and so on. The situation was very difficult indeed.

People who had been sacked from the Government could move seamlessly to the chairmanship of Select Committees. That was not acceptable then, and it is even more unacceptable now, given that Select Committee Chairmen will be paid an additional £13,100. The situation has changed, because the new parliamentary committee elected by the PLP only a few weeks ago has asserted itself and said that no Minister who has just been sacked or who has just left the Government can transfer seamlessly to the chairmanship of a Select Committee that is monitoring their erstwhile Department. We all welcome that change by the PLP.

In most cases, Select Committee membership will increase from 11 to 14, which is too big. I think that 11 is good enough. However, we should do something about Select Committee members who do not turn up to meetings or contribute in any way. Given that some Members who would like to serve on Select Committees are unable to do so, that grieves me. Some Labour Members serve on two Select Committees—for example, a Departmental Committee and a House Committee. Some even serve on three Committees. I hope that we will revisit that problem after six or 12 months, once the new Members have found their feet and have woken up to the fact that Select Committee membership lasts for the entire four or five-year Parliament. People who serve on more than one Select Committee should be invited to stand down in favour of colleagues who do not serve on any.

I agree with the hon. Member for Macclesfield (Sir Nicholas Winterton), who suggested that the rules on term limits were opaque. It is an incontestable fact that there are regular changes to the machinery of government. The Office of the Deputy Prime Minister was introduced for goodness' sake, and the Department of the Environment, Food and Rural Affairs Committee brought together responsibilities for the environment and for agriculture. Who knows, in the course of this Parliament there may be changes in the Home Office, with justice responsibilities being hived off. Reconfigurations of Whitehall Departments feed through to Select Committees. As I have made clear, a new Select Committee is formed, but the original Chairman can continue to serve.

Finally, on the business of additional salaries, I voted against the extra money for Chairs of Select Committees, but the proposal remains. As my Friend the Member for Thurrock said, function creep is taking place. It was only a matter of time before the members of the Chairmen's Panel clamoured for recognition, and I daresay that the proposal will be agreed. It is wrong, however, to introduce gradations that are supposed to reflect experience and the fact that some members are more distinguished than others. We do not need incremental salary scales. Like the old public service trade unions in the 1960s, we are introducing incremental salary scales to reflect length of service in the House. That is wrong, and I shall join my Friend the Member for Thurrock in the Lobby to vote against the proposal.

Finally, I have always believed that the real Stakhanovites on the Chairmen's Panel would sit through Committees that last for weeks and months, keeping everyone in order—*[Interruption.]* Is it not like that? The scales fell from my eyes when my good Friend the then Member for Burnley, Peter Pike, who has now left this place, told me that he had frantic calls to chair the Committee considering the Hunting Bill. He was told that if he did not chair it, the Bill would fall because there was no one else available from the Chairmen's Panel to chair that sitting. He realised that if he chaired the Committee, he would lose the right to vote on the Hunting Bill when it came back to the Floor of the House of Commons. Peter Pike feels as strongly as I do on the issue, but because he had been approached and the situation had been explained to him, he put his views to one side and chaired the Committee.

It is a little sad that we have to pay the Chairmen's Panel up to £13,000 to coax individuals to chair Committees. That is what is behind the proposal. The Peter Pikes of previous Parliaments are no longer available, so we have to pay people to take on the responsibility. That is unfortunate. We are creating different classes of Members and we do not need that.

John Bercow: Will the hon. Gentleman give way?

Mr. Prentice: I was about to finish, but I will.

John Bercow: I am grateful to the hon. Gentleman for giving way so near to the conclusion of his speech. He inquired earlier, and he received no satisfactory response to his inquiry, about the basis on which Members are chosen for membership of the Chairmen's Panel or the basis on which, perhaps, they offer themselves. Has he ever offered to serve—unpaid, of course—on the Chairmen's Panel?

Mr. Prentice: I have not offered to join the Chairmen's Panel, and I have never received an invitation, either.

3.51 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the hon. Member for Pendle (Mr. Prentice). Perhaps I could pick up a point that he made towards the end of his speech, which reflected what the hon. Member for Thurrock (Andrew Mackinlay) said. They made it clear that they were opposed in principle to the payment of Select Committee Chairmen and that therefore they oppose what they call the "creep" represented by the motions on the Order Paper today. I shall try to persuade them both that what we are doing is right.

Both hon. Members are good House of Commons men. One of the problems for the House of Commons is that, as new Members arrive, they tend to get drawn by the political and financial attraction of becoming Ministers. The principle of paying Select Committee Chairmen seeks to provide some gravitational pull the other way, so that the Government do not hoover up all the talent and there is an alternative career. I very much regret that the talents that both hon. Members have displayed this afternoon have been consistently overlooked by the Government, but I hope they recognise that there is an alternative career in the House. In order to add value to that alternative career, the decision that the House took a few years ago was the right one.

I am delighted to see the newly appointed Chairman of the Committee of Selection, the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch, East (Rosemary McKenna), in her place. She has taken to her new task like a duck to water, and I welcome what the Committee has done. Apart from her, I am the only non-Whip who attends the Committee of Selection, and it is rather like an atheist turning up at the General Synod.

Perhaps I could reflect on the change of character of this debate, compared with the corresponding debate at the beginning of the previous Parliament. That was not a happy debate, as those who were there will remember. It was an animated debate and at the end the Committee of Selection's motions were overturned. Although we have taken longer than we should have this time round, the mistakes that were made in the last Parliament have been avoided—mistakes, may I say, mainly on the Government's side.

What I was looking out for from the Committee of Selection was whether any Ministers who had recently lost their job had been parachuted on to Select Committees, and the answer was no. Have the minority parties had a square deal? On the whole, they have, and they are not represented on the Committee of Selection. What has happened to what I might call the awkward squad—the independent, fearless Members? Are they still on their Select Committees? For me, the litmus test was whether the hon. Member for Thurrock (Andrew Mackinlay) was still on the Foreign Affairs Committee, and he was. As a relatively neutral member of the Committee of Selection, I concluded that it did a better job this time than last time. However, we can do even better next time by revisiting the Liaison Committee's recommendations, which involve a completely different means of choosing Select Committees. I was interested in the exchange at the beginning of the debate in which it was suggested that the Modernisation Committee might revisit that matter. In this Parliament, I hope that we have an opportunity to rerun a debate that we held in the previous Parliament, in which the proposition that we should move to a more independent system was narrowly lost. The Executive still have too much control over appointments to Select Committees, and the House of Commons should repatriate such decisions.

I like the idea of a timetable, which was suggested by the hon. Member for Somerton and Frome (Mr. Heath). Under his proposal, we would have a set timetable for the establishment of Select Committees. There would be no doubt about the target, which would prevent delay.

On the Liaison Committee, I support the proposition that the Father of the House should be reappointed. He skilfully chaired the Liaison Committee in the previous Parliament, when we developed a new role of interrogating the Prime Minister.

Subject to one qualification, I support the proposal that the senior hon. Member should join the Chairmen's Panel. If one examines the nominations for Select Committees, roughly half the Liaison Committee will consist of new hon. Members. There is a strong argument for continuity in the membership of the Liaison Committee as we continue to interrogate the Prime Minister. By adopting that proposal, we would achieve additional continuity on the Liaison Committee. I am pleased to hear that the Prime Minister has already been approached about finding a date in his diary to recapture the sitting that we missed in July, hopefully by holding an early meeting when we return in the autumn.

In an earlier exchange on the Modernisation Committee, the Leader of the House was asked what it can do that the Liaison Committee cannot, and his answer was illuminating—"delivery". That answer is dangerous: the Modernisation Committee has delivered on measures that are sympathetic to the Government, but it has not delivered on measures that are sympathetic to the House of Commons, such as the vote in the previous Parliament on an alternative means of appointing Select Committees.

Mark Fisher (Stoke-on-Trent, Central) (Lab): Does the right hon. Gentleman agree that it is an extraordinary anomaly that what is supposed to be a Committee of parliamentarians is chaired by a member of the Government? There is no role for the Government in Select Committees, which are scrutiny Committees of this House. That is not a personal criticism of this Leader of the House or any previous Leader of the House, but there is no role for the Government in scrutinising themselves, and it is absurd that the Modernisation Committee should be chaired by a member of the Government.

Sir George Young: I agree, and the case is even stronger than that. The Leader of the House, as a member of the Cabinet, is responsible for delivering the Government's legislative programme. It is quite wrong that that same person should chair the Modernisation Committee, which indicates how the House should process legislation, and that appointment is a clear short circuit of the system. The Procedure Committee, not the Modernisation Committee, should consider the matter, and it should be chaired by a Back Bencher. The House should decide how it addresses the legislative programme.

Mark Fisher: Although the Government are in some ways culpable, does the right hon. Gentleman recognise

that the remedy is in our hands? If hon. Members had some spine and recognised our role as parliamentarians, we would use our ability to vote off such processes. We do not have to vote for a member of the Government becoming a member of a Committee of this House.

Sir George Young: The hon. Gentleman is absolutely right. I think that he will recognise that the power to change matters rests inevitably more with Government Back Benchers than with Opposition Back Benchers. I hope that he will use his substantial influence among his colleagues to persuade them of his case for reform.

My final point concerns the Administration Committee. I welcome the appointment of an Administration Committee rationalising the domestic Committees that we had before. I used to find it somewhat odd that somebody who wanted to become a Member of Parliament, won an election, came here and wanted to hold the Government to account found themselves appointed to the Catering Committee. Given the pressure on Members' time, it must be right to streamline administration matters and have one Committee doing all those tasks, freeing up Members for more important jobs in holding the Government to account.

I was impressed by what my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) said in moving his amendment, and I shall listen to the arguments from Members on the other side of the House, but I am minded to support my right hon. Friend and the Chairman of the Speaker's Panel.

4 pm

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I must apologise to you, Madam Deputy Speaker, and to the House, because my presence has been required on the Committee that is considering regulations to do with the Water Act 2003. My Whips informed me that it was a three-line Whip, and in case I had difficulty in recognising three lines on a piece of paper they carefully wrote it in words as well. I apologise to the House for my apparent discourtesy in nipping in and out during the speeches.

Select Committees of this House have proved themselves, not only in the last Parliament but in previous Parliaments, to be a tremendous advance because they have the time and opportunity to scrutinise Government Ministers. Competent Ministers have no difficulty in dealing with Select Committees as long as they know their own subject, because they are prepared to engage in the sort of exchange that good scrutiny encompasses by explaining their policies and where they want to go with them and being prepared to take on difficult arguments. I pay tribute to the Secretary of State for Transport, who is not only happy to come and talk to us about the things that he wants to do but prepared to defend them. I will not say that he always takes notice of everything that my Committee says—would that he did—but he is extremely careful to engage it in discussing the detailed work of Government. What more can one ask of any Secretary of State? Some Ministers are capable not only of benefiting from the system of Select Committees but of producing positive results.

However, I voted against paying Chairmen for a simple reason. Any Government, offered the opportunity to exercise patronage, in whatever form, will take that opportunity. It is not particularly surprising that when politicians are offered a weapon they use it, and in my experience they do so consistently.

There are one or two things that the House of Commons should be very clear about. It is not acceptable for a Minister to leave Government and instantly move over to become the Chairman of a Select Committee, because what they are doing, in effect, is giving a verdict on the work that they have just performed, which inevitably means that, whatever their instincts, they will not come up with the degree of perception that is necessary for them to be a good Chairman. It is essential that we in this House insist that the rule—always unwritten but very clear—that chairmanships go to Back-Bench Members is supported in every conceivable way.

Andrew Mackinlay: I can see the Whip, my right hon. Friend the Member for Coventry, North-East (Mr. Ainsworth) and I reassure him that I will gladly vote for the anointed Chairmen. However, in view of what has been revealed about casual vacancies and the impact of the rule that will be passed tonight, is not there a case for every one of us, at the Select Committees' inaugural meetings, to ask each Chairman to give an undertaking to take on the obligation for the lifetime of the Parliament and to spurn any offer of advancement from the Prime Minister or the Leader of the Opposition? That is a reasonable proposition. It cannot be written into the rules, but I believe that Chairmen should give that undertaking.

Mrs. Dunwoody: I have no difficulty in giving my hon. Friend a firm commitment that I have no intention of leaving the chairmanship of the Select Committee unless someone offers me the opportunity to be a hereditary duchess. I rather fancy the title Duchess Dunwoody of Crewe, which has an endearing music hall ring. However, I intend to stick with the Select Committee, no matter who tries to dissuade me.

Select Committees operate best when their members and their Chairmen are Back Benchers, when their membership has a balance of all the relevant parties and when they understand that they are there to scrutinise—to ask the awkward questions and make them public. I therefore take issue with some of motions.

The Liaison Committee did much work on the size of Committees, took evidence and worked with the Hansard Society to try to ascertain how Select Committees could be made better—"improved" is the word that I was looking for but nowadays English is out the window. I am therefore sad that Her Majesty's Government have gone for more than 11 members.

I have served on and chaired Committees with more than 11 members. Unless one intends to extend the session to an unwieldy length, all the members cannot get in to question Ministers. That leaves the Chairman in the difficult position of either excluding some members, who have every right to ask questions, or allowing the person who gives evidence to escape proper scrutiny because one is trying hard to get members in, irrespective of the quality of the questioning. It is a recipe for disaster. We have been there and done that. The Liaison Committee produced a report, which carefully set out the reasons why we believed that big

[Mrs. Dunwoody]

Committees were unworkable. Nevertheless, we appear to be reverting to the status quo ante. I hope that that will not be pushed. It is a retrograde, not a progressive step.

The open manoeuvring on not only the membership but the chairmanship of the Committees does not reflect well on this place, even if it was slightly different from previous occasions. We ought to have had enough common sense last time to vote to retain the selection for Select Committees in the House of Commons. We should have had enough confidence in our judgment to accept that. The Whips Office comprises men and women of such superior intellect, tact, ability and charm that one could not under any circumstances criticise anything that they do. However, there is the odd occasion when the House of Commons would do better to decide for itself in the Chamber not only the membership but the chairmanship of Select Committees.

There used to be an assumption that the Committee chose its Chairman. That was a pretty good system. In my time, before the Labour Government came to office, my Whips Office put me on a Select Committee to take the Chair. The then members had already decided that they wanted someone else and they voted the other person into the Chair. I accepted that with as much dignity as a short, fat Welsh woman can. It is vital that we get ourselves organised in regard to what we want from the scrutiny Committees. At the moment, that is not the case. We see-saw between accepting the usual channels arranging these matters and then saying publicly that we do not like the results.

Many Members give many years of service without ever becoming a junior or middle-ranking Minister, but they are no less talented than those who progress through the Government system—believe me, I have watched this process for 30 years. Having been a junior Minister, I can say that those who frequently go in and out of Government are no more talented than those who are never offered such opportunities. I was even approached to join the Chairmen's Panel, and I served on it very happily for a long time. That, too, involved an arrangement that was difficult to evaluate. Nevertheless, it was an honour to serve on it, and I was glad that I was able to do so. Members of Parliament are no longer prepared to take on these duties. There is no longer the same degree of understanding. That is because we have created the totally artificial and, to my mind, unacceptable theory that a person can fulfil their role as a Member of Parliament only as a junior Minister in a large Department. That is a very short-sighted and limited attitude, and it is one that I do not want to see.

The Select Committees operate best when they are a reasonable size, and when they are made up of Back Benchers who got there because they really have something to contribute, and want to do so. They operate best when the Chairmen are chosen by the members of the Committee, and when they are able to call before them people and papers in a wide and open manner, so that they cannot be told that they may not call special advisers because they are not paid, or that they may not call people who are known to be taking policy decisions but whose influence on the Government it is thought undesirable to demonstrate. Such Select Committees are an important part of the working of this place. They are something to be proud of, and we should stop trying to dilute them. We should not regard them as a dumping ground for people for whom we have no other occupation.

Mark Fisher: I am grateful to my hon. Friend for giving way in the dying moments of her speech. In her interesting, admirable and entirely correct list of characteristics of a good Select Committee, she mentioned the role of a Select Committee in choosing its own Chair. Am I missing something? Has that changed? We are selecting the members of a Committee; we are not selecting any Chairs. Surely there is nothing to stop a Committee nominating anyone among its number to be its Chair, the moment that it meets. Another arrangement might have been suggested to members of a Committee by other people, perhaps in the Whips Offices or on the Front Benches, but such suggestions are not binding. If the members of the Committee are of independent mind, it is up to them to select from among their number the Chairman who is most suited to the job.

Mrs. Dunwoody: My dear, well educated and hon. Friend does occasionally display a degree of naiveté that I would hardly think possible in one so intelligent. Would that events took place as he describes. One thing that I deeply regret is the real erosion by both major parties of the rights of Back Benchers. When I first came here, it was possible on Fridays to vote on private Members' Bills—which could involve very controversial legislation—not because one party wanted that to happen but because the House wanted it to happen. When I came here, it was possible to accept that Select Committees chose their own Chairmen, although that has worked against me. It was also possible for Back Benchers to influence Government policy in a number of ways.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): The hon. Member for Stoke-on-Trent, Central (Mark Fisher) told the truth: surely the answer to the membership and the selection of the Chair of these Committees lies in the membership of those Committees. The reflection is on us as representative Members of Parliament. That is what is being lost. Surely that was the substance of the hon. Lady's comments.

Mrs. Dunwoody: Absolutely. If in any way I implied, even as a joke, that I thought that that was not the case, I was totally wrong.

Andrew Mackinlay: In view of the intervention of our hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), it is important to note that my hon. Friend and I can say that we have been there. We were part of the electorate for the late Robert Adley, who was not nominated by the Conservatives in 1992 to chair the Transport Committee—I will not embarrass the distinguished Member who had been so anointed. The fact is, however, that we did revolt, and we still have that option. On this occasion, I indicated to the deputy Chief Whip, who is sitting close to your Chair, Madam Deputy Speaker, that I would support the person who

was anointed. That is my choice, as I am pleased that he has been so anointed. Each and every one of us, however, has an obligation to decide how we vote in Select Committees, and we should say to the Members concerned, "Will you give an undertaking that you will not take Government office from Mr. Blair or Mr. Brown during the lifetime of this Parliament?"

Mrs. Dunwoody: I assure the House that my hon. Friend and I are indeed very revolting. The reality is that it was true—we supported the choice of a Conservative Chairman, because we thought that he was, as he proved to be, an excellent Chairman. Indeed, his report on the privatisation of British Rail still stands as one of the best criticisms. If only his Government had followed such recommendations we might not be in the current mess.

The matter is in the House's hands. Why did Members, at the last opportunity, vote down taking the power back where it belongs? It is no use talking about the rights of Back Benchers if, when people are offered the opportunity, they either vote with their feet by going home, which is always a difficult political decision for many Members, or they vote to keep their chains. That is indescribably sad. A lot of Back-Bench powers have been lost. We have quietly allowed those in control to take away from us, with the acquiescence of those who should know better, several powers that meant that independent Members of Parliament could have an impact. We will regret that, and some of us regret it already. Some of us tend to stick on because we think that when the oral memory of the House is lost, new Members will not know what it is possible to do. Until we reach the point at which Members themselves restore the powers, we shall be in continuing difficulty.

4.18 pm

John Bercow (Buckingham) (Con): As far as I am concerned, this is not a personal matter. I have nothing against the Government Whips, and relatively little against my own. I strongly object, however, to the time that it has taken to reconstitute the Select Committees, and to the manner in which it is proposed this afternoon to do so.

My starting point has been articulated by several right hon. and hon. Members throughout the House—the significance of the Committees. The Committees have an absolutely invaluable role, if only we dared to recognise and demonstrate the fact. That role is scrutiny of the Executive, of the quality of their policies, of the effectiveness of their administration and of their expenditure of taxpayer's money. When the context for the debate is set out in those simple and unmistakeable terms, it seems to me to underline the House's criminal neglect of its responsibility to get the Committees up and running earlier than we have done.

It is, I think, 69 days since the general election, and tomorrow it will be 10 weeks since polling day. It is 57 days since the Loyal Address and the opening of the debate on the Queen's Speech. To those who say, "Well, we haven't done too badly this time; the process could have been more protracted than it has proved. We did a bit better on this occasion than we did on the last", I say that that is unduly complacent. Frankly, we could have done a lot better, and I make no bones about the fact that in apportioning blame, I attribute the bulk to the system and to those charged with its administration—apparently, they are only too happy to be so charged—the Whips.

It is wrong that the composition of Committees whose purpose is to scrutinise the Executive should be determined by representatives of that Executive. Members who know me know that I try to be dispassionate and fair-minded. I am not interested in making a purely party political point, any more than the hon. Member for Thurrock (Andrew Mackinlay) is; frankly, the issues are far too salient and pressing for that. Fundamentally, this is a clash between Front Benchers and Back Benchers in all parts of the House.

I hope that Government Back Benchers will not cavil or object when I say that the inappropriateness of Executive control is particularly acute where the Government are concerned. The reason why is simple. Government Whips choose who scrutinises other representatives of the Government. The Government run the country and introduce policies, and they have a range of powers that, frankly, do not apply to the Opposition, so it is particularly serious when Government Whips decide who scrutinises their ministerial friends and colleagues.

That said, I do not in any sense think that the representatives of Opposition Front Benchers can be exonerated from responsibility. Members know perfectly well that many of these matters are determined on a consensual basis behind the scenes, between what we call "the usual channels". So that we do not talk in terms that mean absolutely nothing to people outside this place—who think when we refer to the usual channels, "What on earth are they talking about?—we ought to make it explicitly clear that we are talking about the Government Whips Office and the Opposition Whips Office.

It is quite wrong for Opposition Whips to determine who participates in Select Committees. I have to tell you, Madam Deputy Speaker—despite your vast and varied experience in this place, I feel certain that you will be shocked by the revelation that I am about to vouchsafe—that one Opposition Whip said recently to me that he personally was keen that a particular Member, who had previously been, surprise, surprise, in the Whips Office, should be appointed to a given Select Committee with a view, perhaps, if all went well, to that individual's becoming the Chairman of said Committee. He gave the following reason. "We think it important"—I am not quite sure whom he meant by "we", but presumably he was speaking for Front Benchers—"to strengthen co-operation between that Select Committee and the relevant shadow Secretary of State and his team." That strikes me as absolutely wrong. Just as it is wrong for the Government to seek to "nobble" a Select Committee in order to defuse criticism of the Executive, so it is wrong for Opposition Front Benchers to seek to steer membership or chairmanship of the Committees in a greater, lesser or different way than would otherwise have been the case, in order to oppose the Government.

Mr. Forth: If the system is as invidious and insidious as my hon. Friend suggests, how is it that he has been

[Mr. Forth]

recommended for membership of the International Development Committee, which I suspect he wanted very much?

John Bercow: I make it absolutely clear to my right hon. Friend that I strongly object to the way in which it is being done. To answer his question, I shall hazard a guess. The answer is probably that representatives of the Opposition Whips Office think that I am marginally less of a nuisance if I am busying myself with the important work involved in membership of the International Development Committee than if they were thoroughly to brass me off by denying me that membership. I must say to my right hon. Friend, who has never been a lackey at any time, that I made it clear all along to my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin), the deputy Chief Whip, who is sadly not in his place—if he were, he would be visible—*[Interruption.]* He is in the Tea Room, I am told. I told him that I did not believe that it should be done in that way. What I think about the operation of the Whips in these matters is well known.

Of course the Whips will not voluntarily relinquish their power. They have the power; they exercise it; they enjoy its exercise; and they go about the House feeling a sense of fulfilment. After all, they are very senior, very respected, very influential, very busy and consequently have very full diaries.

Andrew Mackinlay: And they are paid!

John Bercow: Yes, they are paid as well, as the hon. Gentleman helpfully observes from a sedentary position. In response to the inevitable inquiry, "Grandma or Grandpa, what did you do today?", the Whips will be able proudly to say to their grandchildren, "Well, I managed to stitch up the membership of a Select Committee, and we had to make a choice between the good boys and good girls on the one hand and the bad boys and the bad girls on the other." An intelligent grandson or granddaughter will say, "Oh, I understand what you mean, Grandpa—that the good boys and good girls are those who ask helpful and intelligent questions and go about their work and responsibilities independently of the respective Front Benchers". At that point, the senior Whip will say, "No, no, no, you quite misunderstand the purpose of our work in constructing Select Committees. We want people who are, in Sir Humphrey's terms, 'sound'—people who will do things in a way that we approve of".

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): My hon. Friend is right, but there is another point to be made. The Whips Office controls the parliamentary party—or, at least, tries to control it—and one of the ways it does so is through the use of patronage. It is one of the least attractive features of parliamentary life today and it is a reason why we should have nothing to do with allowing the Whips Office to choose the composition of Select Committees.

John Bercow: My right hon. and learned Friend is absolutely right. I do not know whether the sensation has afflicted other right hon. and hon. Members this afternoon, but the infuriating thing for me is that we have been here before. This afternoon, I feel as though we are playing a very long-running tape all over again. To put it another way, I have the sensation that I am once again, after a gap of about 15 years, reading that magnificent novel by Kafka—"The Trial", in which K is treated appallingly by the bureaucracy and goes round in circles. There is also his other magnificent tome, "The Castle", in which the hero thinks that he is advancing closer and closer to it, but on every step towards it that he takes, he discovers that he is a step further away than he was before. Well, I have that sensation, Madam Deputy Speaker, in relation to the composition of Select Committees.

We have had these debates before. As long ago as July 2001, the right hon. Member for Livingston (Mr. Cook), who was then the Leader of the House, my hon. Friend the Member for Tiverton and Honiton (Angela Browning), who was then shadow Leader of the House and the right hon. Member for Swansea, West (Mr. Williams), who was not then but is now the Father of the House, all argued that the process needed decisive reform, and needed it then. Four years later, that has not happened and there appears to be no enthusiasm among those on the Front Benches for it. What is even more depressing is that there is insufficient enthusiasm for reform on the Back Benches on both sides of the House. That is what is urgently needed.

Mrs. Dunwoody: Perhaps the hon. Gentleman picked on the wrong author. Is there not a stronger resemblance to what happens in "Alice Through the Looking Glass"?

John Bercow: I must say that the literary reference that the hon. Lady has invoked is probably better than mine. I had a recollection of the Kafka novels, but the hon. Lady is right that this is an absurd way in which to operate. The truth is that we can have many nuances on a theme, but in the end the real argument is about whether we opt for appointment or for election.

I accept that there the scourge of Whip domination is objectionable. In the nicest possible spirit, however, I say to the House—and to my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton), who spoke about this earlier—that I do not think that the other proposals for reform are satisfactory either.

The House will recall that the Liaison Committee report "Shifting the Balance" of March 2000 said that the system was wrong and needed to be changed so that it was independent of the Executive. It proposed that a trinity of very senior and distinguished hon. Members should make up a panel to which aspirant members of Select Committees could appeal. That might be marginally better than allowing the Whips to dictate membership, but it is still a poor and unsatisfactory way to proceed. That would amount to a system of patronage in itself, and hon. Members desperately keen to get on a Committee would feel that they had to ingratiate themselves with the panel.

Subsequently, in February 2002, the Modernisation Committee recommended that a committee of nine hon. Members should act as a filter for applications for Select Committee membership. I do not approve of that either. The systems that I have described are alternative and

only marginally less objectionable forms of patronage. Sherlock Holmes said that, when all other possibilities have been eliminated, the remaining possibility, however improbable, must be the truth. In this case, the remaining possibility is that the House will decide to take the composition of Select Committees into its own hands—that is, it will determine that composition by election.

We can go about that in various ways. One possibility, which I do not necessarily advocate, is that the process should be a complete free for all, in which all hon. Members have the right to vote for all the members of all Select Committees, with no reserved rights for Opposition or other minority parties. I accept that there would be a danger that hon. Members would vote in a very partisan way and that Select Committee membership would be skewed as a result.

The hon. Member for Nottingham, North (Mr. Allen) has proposed that the conduct of these matters should be vested in the hands of Mr. Speaker, but I believe that it would quickly become evident that that was not entirely satisfactory or fair. Speedy amendments and revisions of that process would probably be made, but that option is what might be called the pure democratic model.

A second, alternative method would be to protect the respective strengths of the parties in the House, in terms of the numbers of Select Committee members—or Chairmen, or both—that are allocated to the parties. However, all hon. Members would still be allowed to vote for all members of the Select Committees, subject to the understanding that, depending on the strength of the parties' representation in the House, the Government party will have, say, seven members of a Committee, the main Opposition three and a minority party one.

If we are committed to the principle of democratic engagement, the seam is pretty rich. A third possibility is that we say that members of the Conservative party will vote only for Conservative members of a Select Committee, that Labour Members will vote only for Labour members, and so on.

I confess that I prefer the second of those options. I believe that all hon. Members should elect Select Committee members, subject to some protections for the minority parties. The system is not perfect, and it could be amended subsequently. Yes, there is a danger—possibly even a likelihood—that the first set of elections would not achieve the necessary balance between geography, gender, youth and experience, and so on. Nevertheless, under that system, the House would decide who should be on the Select Committees that scrutinise the Executive.

It baffles me constantly that in an age in which the pervasive principle of democratic legitimacy applies we seem always to find an excuse for not applying it in the context of composing the Committees that we so value.

Mr. Shepherd: I hope that my hon. Friend will take my comment in the spirit in which it is intended, but his elegant ruminations could have found expression on the Order Paper and we would have had an opportunity to vote on them.

John Bercow: Well, my answer is that I was happy to go along with the credible proposal made by the hon. Member for Nottingham, North, which allows for a degree of flexibility, under the auspices of Mr. Speaker, as to how the method of election would operate. Insofar as my hon. Friend has, gently or otherwise, rebuked me, I do not think that the rebuke is actually fair, because the hon. Gentleman has peovided for a system of election.

In essence, we have to ask ourselves whether we want to will the means of change. I do. If Members want to be respected, we have to show respect for ourselves. If we want our Select Committees to be credible, we have to give them credibility. If we want them to be effective overseers of Government policy and to hold Ministers to account, we have to recognise that they will be far more effective and respected in fulfilment of that role if they enjoy the support of the House. It would not work perfectly, but it would work a lot better than the present arrangements.

If we wait for Government Whips or Opposition Whips to say, "We will give up our power", we will wait for eternity. Even waiting for the Leader of the House or shadow Leader of the House to make the change will not work.

Andrew Mackinlay: I say in all seriousness to the hon. Gentleman that in the past two weeks, we have seen a seismic shift in the way the procedure happens in the Labour party, and I am proud of that. It is not the end, but probably only the beginning of the end, but—and my right hon. Friend the Leader of the House mentioned Labour's selection process earlier—we can say that a shift has happened. That should be written up by political journalists. It means that I and many others are being recommended to the House for the membership of Select Committees on the initiative of our peers, our Back Bench representatives, our shop stewards. That is a healthy development and should be put on the record, because we can all be justifiably proud of that advance.

John Bercow: The hon. Gentleman is right. He may think, and others may agree, that I am being slightly uncharitable. I did not mean to be, but if I have been, I am prepared to acknowledge it.

I recall that in July 2001 the right hon. Member for Swansea, West, who is now of course our esteemed Father of the House, objected to the idea that ex-Ministers should be parachuted in as members and, immediately, Chairmen of Select Committees. He said, in a telling phrase, that a Select Committee chairmanship should not be regarded as "palliatives for injured pride". He made the point that being a Minister involved all sorts of great advantages and privileges and, once someone ceased being a Minister—in the full knowledge that that was bound to happen sooner or later in the slippery slope business that is politics—he or she should be pleased to have served and should not expect any particular preferment.

I would go further and say, as the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) did, that precisely because an immediate past Minister would lack a perception of what is required—I would go further and say that they would lack the dispassionate interest that is necessary for effective Committee membership and, especially, chairmanship—such

[John Bercow]

people should be ruled out. From looking at the Order Paper and hearing about the subterranean and private methods of the Labour party, I welcome the fact that a decision appears to have been made along those lines. No ex-Ministers have been so parachuted, and that is a good thing. I still feel, however, that we have not had the culture shift that we need.

I say that because of a good-natured and illuminating exchange that I had with the Leader of the House much earlier in the debate. He was talking about how the Labour party was being pretty democratic, transparent and fair, as the hon. Member for Thurrock just said. The right hon. Gentleman said that Labour had a pretty open process. There was just one problem: I asked the leader of the House to divulge the secret. I wanted to know exactly how the Labour party goes about the process. The right hon. Gentleman laughed and seemed genuinely quite amused by my question, and said that if he told me how Labour did it I might be prepared to tell him how the Opposition did it. Actually, it was a deadly serious question. I was in no sense casting aspersions; I was not even being cynical. All I wanted to know was how the parliamentary Labour party goes about the process.

I have not been invited to a meeting of the parliamentary Labour party—*[Interruption.]* and I am making no application to attend such a meeting now or at any time—but I suspect that the PLP probably goes about things in a more transparent and democratic way than my party. All I wanted to know was what the procedure was. The interesting point was that the Leader of the House immediately took refuge in the notion that how Labour does it is purely a matter for Labour—in essence, a private question. I would put the point differently. I believe that the way the Labour party does it is important business for Labour, but it is important to the House as well. How the Tory party does it is important business for the Tory party, but it is important for the House as well. I readily tell the Deputy Leader of the House that how we do it is his business. He is perfectly entitled to probe and scrutinise and, if he thinks our procedure is less democratic, to chide. I believe that our process needs vastly to be improved.

The Conservative Chief Whip sends a note to all Members with a list of Committees and asks us to specify upon which Committee or Committees we wish to serve. It is possible to lobby. I admit that I said two things to my right hon. Friend the Member for West Derbyshire: first, that I strongly disapproved of the whole method and, secondly, that in the event that I was kicked off the Select Committee on International Development, he would inevitably find that I had a vastly greater amount of time to devote to all the other political interests on which I might conceivably have independent-minded views that I was inclined to express. My right hon. Friend, for reasons unknown to me, decided that my application for continuing membership of the Committee was acceptable, but the notion that he should determine whether I serve on the Committee is quite wrong.

I should be perfectly happy to subject myself to the will of the House, as other right hon. and hon. Members should be prepared to do. If the House took the view that I did not have much to contribute and that it was not much interested in my views, expertise or background in the subject of international development and that other people were to be preferred for membership of the Committee, I should accept that without complaint. What I dislike is the notion that a small coterie of people in whom excessive power is vested should, for all sorts of reasons that they have neither a responsibility nor frequently an inclination to explain, be able to decide that Bloggs will serve and Smith will not, or the other way round. That is a hopelessly antiquated, fossilised, old-fashioned and undemocratic way to operate.

The House of Commons must decide whether it wants to be a serious, modern, forward-looking, transparent and accountable democracy. I believe that it should be. We should not have this debate again in four years' time. We must change the system and we must trust Members. Some decisions will be good and some will be bad, but it will be a better system. Let us dip our toes in the sea and discover where that leads us. If we are too frightened to free ourselves from the chains of Government domination, we have no right to complain.

My hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) pointed out that strictly speaking the determination of the chairmanship of a Committee is a matter for its individual members. He is right. We should assert ourselves, but would not it be better if there were a recognition throughout the House that the process should be open, transparent and democratic, and that no hint of Government whipping, cajolement, enticement, bullying or threat should enter it at all?

4.44 pm

Mark Fisher (Stoke-on-Trent, Central) (Lab): It is a pleasure to follow the hon. Member for Buckingham (John Bercow), who is a truly independent-minded Member. I am not sure whether to rejoice with him in his membership of a Select Committee, which, I hope, we are about to endorse in a few minutes, or to commiserate with him about the fact that he has been gagged by his Whips from displaying his independence on an even wider platform.

John Bercow: I used that line with the deputy Chief Whip to try to persuade him that it was probably in his interest to allow me to continue to serve on the Select Committee, but if it is of any interest to the hon. Gentleman, I will endeavour to find enough time to pontificate on other matters as well.

Mark Fisher: I would be amazed if that were not the case.

As the hon. Gentleman said there is an element of déjà vu about the debate. Looking around the Chamber, I see in attendance hon. Members who have debated the issues that lie behind the debate time and again over the years. Those issues are the quality of scrutiny and the independence of Members of Parliament. The only thing that is rather sad is that, throughout most of the debate, only one or two new Members have been in attendance—that is to their credit—but in a Parliament where I have been surprised that the new Members on both sides of the House have been assiduous in their attendance in other debates, it is very sad that they are not attending this debate because it is about the quality

of scrutiny and their role as Members of Parliament throughout their time in the House. Anyone listening to the debate or who reads the report of it will learn quite a bit about those issues from the enormous amount of experience that Members, such as the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), have had in trying to tease out such issues.

Mr. Hogg: In a sense, perhaps the hon. Gentleman will agree that what the debate illustrates is that the political parties have been captured by their Front Benchers. Until political parties recover power from their Front Benchers, in truth, this Parliament is but a rubber stamp.

Mark Fisher: I think that the right hon. and learned Gentleman knows that I wholly agree with him on that. That will be burden of my remarks, which I hope will be brief to give other hon. Members the opportunity to speak. I had not realised that the debate was time limited, and I will endeavour to be very brief.

The hon. Member for Buckingham had an interesting exchange with my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) about the relative relevance to the debate of Lewis Carroll and Franz Kafka. Although it was amusing and enjoyable to hear their literary expertise displayed, both of them were right to suggest that both those authors' books show a nightmare vision of a world turned upside down. That is what we are seeing in the House at the moment.

As the right hon. and learned Member for Sleaford and North Hykeham said, we are fast becoming a House that rubber-stamps political parties. It is hardly surprising that the public have less and less respect for the House and, indeed, for politics generally when the idea of independent parliamentarians is in such decline. That is what the debate is about, and it is why analogies to the bleak and serious vision of the world of both Lewis Carroll and Franz Kafka are very good to draw.

Given the shortage of time, I will not go into the details of the debate—the method of selection for membership, the pay of Chairmen and so on—important though they are. They are emblematic of a number of issues, and it has been a good, interesting and experienced debate on them. The Father of the House put the whole issue in a wider context in his contribution about the importance of Select Committees; their role in scrutiny, as the hon. Member for Buckingham has said; and, crucially, their independence. That is what we should be debating, and we have been doing so this afternoon.

The right hon. Member for North-West Hampshire (Sir George Young) said in a characteristic, intelligent, very gentle and courteous speech that his criteria for determining whether this dispensation of Select Committees has achieved greater independence was that there are no ex-Ministers, where it has succeeded; that minor parties should be well represented, where it has also succeeded, and that the awkward squad on both sides of the House should be represented. He cited my hon. Friend the Member for Thurrock (Andrew Mackinlay), who is certainly a fully paid-up member of the awkward squad, but he did not mention my hon. Friend the Member for Norwich, North (Dr. Gibson), who has made a particular and professional contribution to our debates on science and technology, as most hon. Members realise, yet amazingly is not among those selected. It might be said that this dispensation is a marginal improvement on previous dispensations of Select Committees members, but the fact of the matter is that the thumbprints of those on the Front Benches are as evident as they have ever been, albeit in a marginally different way.

Much as I respect the right hon. Member for North-West Hampshire, he should have set tougher criteria to judge whether the way in which the Select Committees were chosen was truly independent. We should not judge the independence of individual hon. Members, but whether this generation of Select Committees will be fearlessly independent of the Government. My hon. Friend the Member for Crewe and Nantwich rightly said that one way in way such independence could be indicated would be if Committees were able to choose their own Chairs. She chided me for what I suggest was calculated naiveté, but Committee members do have such a power in their grasp. On the first day that the Committees meet, their members can choose their own Chairs. I doubt whether they will do that, but they should. If they do not, they must recognise that they are simply being directed by their Front Benches.

Why should the Chairman of the Modernisation Committee be a member of the Government? It is outrageous for any Committee that is set up to scrutinise the Government independently to have any Government Ministers on it, let alone the Committee that discusses the whole future of the Chamber and the House. That has nothing to do with the Government because this is our House. The Executive have their own role and function in our constitution, but it is not running the business of the House.

We should have more Joint Committees with the other place, although only one is being selected today. Both the other place and this House are set up to scrutinise the Government. We have complementary roles and interests, so Joint Committees are an important part of the process. Too often Members of our House and the other place see themselves as being in competition, but that is wholly in the interest of the Executive because it gives them an easy time. Scrutiny of the Government should be parliamentary scrutiny—not scrutiny by the Commons or the Lords, but by Parliament. When we scrutinise the actions of the Executive, it is in the interests of rigour and the good name of Parliament to work together.

The most crucial criterion that should be used to judge the independence of Select Committees is the fundamental question of who runs the business of the House. That will not be determined by the Select Committees, so we should have a business Committee, as the Scottish Parliament does. The Government should of course be represented on such a Committee because they have an absolute right to the time that they need to get through the programme for which they have a mandate, but the idea that they should dictate when the House sits, what it debates and when we debate it is absolute nonsense. That is not the business of the Government. The Government's business is to run the country and to suggest taxation and action programmes, but it is not to run either of the Houses of Parliament. Until we have a business Committee

[Mark Fisher]

through which we take responsibility for our own business, we will always be ciphers. We understandably lost that ability in the late 19th century due to the astute parliamentary work of Mr. Charles Parnell, but we must regain it if we are to regain our independence.

Mr. Hogg: I disagree with the hon. Gentleman on one matter. He says that the Government have an absolute right to get through their mandated business, but they do not. The fact that something is in a manifesto does not give a Government an overwhelming right, and in any event, they must allow sufficient time for discussion.

Mark Fisher: The right hon. and learned Gentleman is quite right. What I intended to say is that the Government—

Madam Deputy Speaker (Sylvia Heal): Order. I wonder whether we could confine our remarks to Select Committees and the matters on the Order Paper.

Mark Fisher: Of course, Madam Deputy Speaker. I shall just correct myself. I meant to say that Government have the right to the time to try to get their business through. I accept your admonition and I shall draw my remarks to a close so that other hon. Members can contribute.

It is very sad that there are so few new Members in the House, but it is to the credit of the new Member who is here that he is listening to this debate. We have to decide whether we are parliamentarians or just simply representatives of our political parties. Obviously, we are both. That interesting paradox is inherent in our roles, and it leads to many good conclusions. However, we must remember that we are parliamentarians as well as representatives of our parties.

During the last Parliament I took part in an extraordinary radio debate with another member of the parliamentary Labour party. That person, when asked by the interviewer whether they were a parliamentarian, was outraged and said, "I am not a parliamentarian; I am a Labour Member of Parliament. I am sent here to vote for the Government, not to think for myself and be a parliamentarian." That Member was outraged by the idea that they should be considered anything other than a Labour Member of Parliament who voted with the Government 100 per cent. of the time. Therein lies our problem.

Of course Members on both sides of the House want to be loyal to the party of which many of us have been members for 20 or 30 years—or, in my case, over 40—but we are here to scrutinise Government as Members of Parliament as well. If we do not stand up and shake off the shackles of our Front Benches during this Parliament, we will lose yet more years and yet more independence. These are very important issues. This Parliament must assert our distinct identity—our role is different from that of the Executive—and we do so particularly through these Select Committees. We will vote these motions through tonight, and I hope that when the Select Committees operate, they bear it in mind that they have a sacred role in the independent, rigorous scrutiny of Government policy.

4.57 pm

Mr. Mark Harper (Forest of Dean) (Con): I want to make one point, which, given the time that we have left, I hesitate to dwell on. I would be grateful if the Minister elaborated on the term limits for Chairmen. As a new Member, I am still not entirely clear on exactly the period that one can serve. We need to clarify when in a Parliament that period starts so that we are clear about the exact time that someone can serve.

That point highlights another contradiction in a number of the motions: the concept of having term limits for Chairmen and paying members of the Chairmen's Panel. On the latter motion, one of the arguments for paying Standing Committee Chairmen was that with time served in the House came experience and wisdom. If that is true, it seems a little foolish artificially to limit the period for which one can serve as a Chairman of a Select Committee, as it would seem that the same argument should apply to the wisdom and experience gained in that role over time.

The main point that I want to make concerns the importance of scrutiny in the House. The hon. Member for Pendle (Mr. Prentice) said that it was incredibly important that the House took scrutiny seriously. It is true, I think, and it may be sad—the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) said that it was disappointing—that Members of the House are not prepared to take on duties and chair Standing Committees. We may have to accept that if the House is to take scrutiny seriously, we need to provide an alternative career structure for Members, one in which they can come into the House and see chairing a Select Committee or Standing Committees and taking part in the business of the House as something that they want to do as a career rather than necessarily wanting to achieve a position in government.

It may be that, in the past, people were willing to do that without remuneration, but it seems from remarks that I have heard from experienced and distinguished Members that that is less true nowadays. I agree with my right hon. Friend the Member for North-West Hampshire (Sir George Young) that it may, sadly, be necessary to pay people to be Committee Chairman to enable sufficient Members of sufficient calibre to take on those tasks and allow scrutiny to take place.

I will draw my remarks to a close because I would like to allow a couple of minutes in this time-limited debate for my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) and for the Minister to wind up. I have enjoyed listening to hon. Members, and it is a shame that more new Members were not present to listen to some distinguished speeches.

5 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I am grateful to my hon. Friend the Member for Forest of Dean (Mr. Harper). I will be extremely brief, for reasons that are obvious.

I draw the House's attention to motion 33 on Modernisation of the House of Commons. The House has talked about scrutiny; the whole process is about scrutiny. At the heart of scrutiny is this Chamber. When Members vote for this motion, I ask them to reflect on the fact that among those appointed to the Committee is one Mr. Geoffrey Hoon. Mr. Geoffrey Hoon is a

Minister; he is the Leader of the House. That illustrates best the way in which this Chamber and this Parliament are controlled. The Modernisation Committee is no more an independent Committee than a fly in the air. That is the truth of the matter.

The restrictions and the motions, to the disadvantage of the Procedure Committee, which has been sidelined by so many of them, originated in the Modernisation Committee. This House should look very carefully at what the Modernisation Committee does. The reason why we have been reduced to systematic guillotining of Bills originated in the Modernisation Committee. The Committee that we shall vote for in a moment has been the instrument by which the Government have seized total control over the timetabling of business, and this House can stand for or represent very little if we cannot unpick that which is brought before us in the form of motions, orders and Bills.

I draw to the attention of the House the fact that a Minister of the Crown who is responsible for the business of this House constructs and has constructed the very motions on the Order Paper that many Members present have resented, argued against and tried to bring to the sense of a wider House. This House is nothing unless it stems from ourselves. As I have always said, we are temporary Members of this House, but we are passing on very much a diminished inheritance. Yet, there is value in Select Committees and the value afforded by expressing those views on the Floor of the House is all too often lost because of the work of the Modernisation Committee.

5.2 pm

The Deputy Leader of the House of Commons (Nigel Griffiths): It is a particular pleasure to respond to the debate, because it has been both well-informed and broadly good-natured. I know that some mock modernisation in this place, but I was one of the Members who, for the first three months on being elected, did not have a desk or a phone but had a place to hang my sword. Many Members went through that experience, so there have certainly been improvements.

I welcome the broad support that has been offered to us by the hon. Member for Epsom and Ewell (Chris Grayling), the shadow Leader of the House, and I will cover his points first and then embrace some of the other points made and answer some of the questions that have been put to me.

The proposal to remunerate Chairmen of Standing Committees has been advocated by the Senior Salaries Review Body. Its report advocated a two-tier panel, with higher payments, but did not find fault with the proposed tiered structure of payments if that was the wish of the House. It agreed with the principle of linking pay to workload, which is why we have done so. Apprenticeships were mentioned disparagingly, and it was said that they did not apply to ministerial positions. In fact, they do—we have junior Ministers and Parliamentary Under-Secretaries, Ministers of State and Cabinet Ministers. Those three levels of responsibility are reflected in three different levels of pay.

The House will wish to examine the code of conduct for Chairmen of Standing Committees, and I hope that the Standards and Privileges Committee has a chance to look at it. In response to the hon. Member for Epsom and Ewell, 1 November has been set as an implementation date, as my right hon. Friend the Leader of the House said. Perhaps the hon. Gentleman missed that.

A number of hon. Members raised the proposal that a member of the Chairmen's Panel should serve on the Liaison Committee. That Committee, however, is relatively political. By contrast, the Chairmen of Standing Committees are entirely neutral, as are the Speaker and the Deputy Speakers. I am therefore not sure that their involvement in the Liaison Committee is appropriate.

The right hon. Member for Bromley and Chislehurst (Mr. Forth), who has considerable experience of the House and its procedures, suggested that there is no incompatibility between membership of the Chairmen's Panel and the work of the Liaison Committee, but I do not share that view. The hon. Member for Epsom and Ewell spoke about the two-term rule, and a number of colleagues asked for clarification. There is consensus that Select Committee Chairmen should serve for no more than two terms. We must, however, look at recent circumstances to understand why the eight-year rule was introduced. A Select Committee Chairman who was appointed in 1970 would serve until the end of the Parliament in 1974. If they were reappointed by the will of the House for the Parliament of February to October 1974, without the eight-year rule, they would then complete their two terms of office. With the rule, however, they would go on to serve for a further four years in the next Parliament until 1978, before handing over to their successor. A number of hon. Members said Select Committee Chairmen should complete their term of office only when a Parliament ended. Previous Speakers have chosen to hand over to their successor before a Parliament ends so that the new Speaker can gain experience in the Chair. Select Committee members—I accept that they are the individuals who are most likely to become Select Committee Chairmen—may have distinguished service, but they do not necessarily have experience of chairmanship.

I shall give another example to demonstrate how far the elastic band of time can stretch. If a Committee Chairman was selected in 1981, two years after the Conservative Government had been elected, they could, if it were the will of the House, serve the full term from 1993 to 1997 and then from 1997 to 2001, making a total of 11 years' service. We therefore hope that the House will agree with the important principle behind our proposals.

Mr. Harper: The Minister's example illustrates why some Members are confused. It would be straightforward to set a limit of two terms or eight years, whichever was the greater, but it makes no sense and is very confusing if someone who is selected to chair a Select Committee part way through a Parliament can get those extra few years, in addition to another two terms. If we are to have a rule, it should be two terms or eight years, whichever is the greater, or the proposal from the hon. Member for Thurrock (Andrew Mackinlay), whereby the term of appointment runs through to the end of the Parliament. It should not depend on the randomness of the date on which the Chairman was selected.

[Mr. Harper]

In his opening speech the Leader of the House used the phrase "by chance" a great deal. We should have more certainty in our proceedings, rather than leaving them to chance.

Nigel Griffiths: The House is rather good at learning from experience. I have set out how the motion would have worked historically. I hope that it commands the support of the House, and that the House would not want to axe a Member who had not had the chance to benefit from two full terms or, as in the example that I gave from 1992, unnecessarily curtail the Member's term of service to the Committee.

Andrew Mackinlay: My hon. Friend's 1974 scenario does not stack up. After a short Parliament, the new Parliament could, with unanimity, revise Standing Orders to meet that set of circumstances. It would disregard the previous Parliament. I have to say to my hon. Friend, "Come off it.". He is struggling to use the 1974 case as an argument.

Nigel Griffiths: I am sorry that I have not convinced my hon. Friend. I did not think I was struggling to use the example as an argument. The term limitation on Chairmen of Select Committees is designed to stop people, no matter how competent, being appointed almost in perpetuity, or as long as they are Members of the House. That is why we are trying to lay down rules which, I believe, will work to the advantage of the House and are fairly simple and straightforward, but give the flexibility that a common-sense approach would allow.

Let me move on to some of the other issues that were raised. The hon. Member for Epsom and Ewell raised the time taken to set up Select Committees and compared that to 2001, but it is not a fair comparison. Since I was appointed Deputy Leader of the House, I have tried to avoid hurtful phrases, so I shall say that the result this time for the hon. Gentleman's party was less disastrous than in 2001. It necessitated at least three changes to the way in which we approached Select Committees. There have been negotiations between the parties on the size of the Select Committees. There have been discussions about which party should seek to have its Members chairing certain Select Committees, and how many Select Committees it is fair for each party to chair. That has been the subject of tough negotiation—

It being four and a half hours after the commencement of proceedings, MADAM DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [this day].*

ADMINISTRATION COMMITTEE

Ordered,

That Standing Orders Nos. 139 (Select Committee on Broadcasting) and 142 (Domestic Committees) be repealed and the following be a Standing Order of the House:

"*Administration Committee*

(1) There shall be a select committee, to be called the Administration Committee, to consider the services provided for and by the House and to make recommendations thereon to the House of Commons Commission or to the Speaker. Any such recommendation whose implementation would incur additional expenditure charged to the Estimate for House of Commons: Administration shall also be considered by the Finance and Services Committee.

(2) The committee shall make rules and give directions to Officers of the House in respect only of such administrative matters as may from time to time be determined by the Speaker or by the House of Commons Commission.

(3) The committee shall consist of not more than 16 Members, of whom five shall be a quorum.

(4) The committee shall have power—

(a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;

(b) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference; and

(c) to communicate its evidence to the House of Commons Commission.

(5) The committee shall have power to appoint sub-committees and to refer to such sub-committees any of the matters referred to the committee and to delegate to such sub-committees any of the powers delegated to the committee under paragraph (2) above.

(6) Any such sub-committee shall have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, and to adjourn from place to place, to report from time to time the minutes of their proceedings, and shall have a quorum of three.

(7) The committee and any sub-committee appointed by it shall have the assistance of the Officers of the House appropriate to the matters under consideration.

(8) Unless the House otherwise orders, each Member nominated to the Committee shall continue to be a member of it for the remainder of the Parliament.".

MADAM DEPUTY SPEAKER *then proceeded to put the remaining Questions necessary to dispose of the business to be concluded at that hour.*

FINANCE AND SERVICES COMMITTEE

Ordered,

That Standing Order No. 144 (Finance and Services Committee) be amended

(a) in line 6, by leaving out from the first 'for' to 'for' in line 7 and inserting 'House of Commons: Administration';

(b) in line 10, by leaving out 'Departments of the House' and inserting 'HouseAdministration'; and

(c) by leaving out lines 14 to 16 and inserting 'the Administration Committee'.—*[Mr. Coaker.]*

TERM LIMITS FOR CHAIRMEN OF SELECT COMMITTEES

Motion made, and Question put,

That Standing Order No. 122A (Term limits for chairmen of select committees) shall be amended by leaving out 'choose' and inserting 'have'.—*[Mr. Coaker.]*

The House divided: Ayes 233, Noes 102.

Division No. 38] **[5.14 pm**

AYES

Ainger, Nick	Banks, Gordon
Ainsworth, rh Mr. Bob	Barrett, John
Allen, Mr. Graham	Barron, rh Mr. Kevin
Anderson, Mr. David	Bayley, Hugh
Anderson, Janet	Begg, Miss Anne
Armstrong, rh Hilary	Beith, rh Mr. Alan
Atkins, Charlotte	Berry, Roger
Austin, Mr. Ian	Betts, Mr. Clive
Bailey, Mr. Adrian	Blackman, Liz
Baird, Vera	Blackman-Woods, Dr. Roberta
Baker, Norman	Blears, rh Hazel

Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burstow, Mr. Paul
Butler, Ms Dawn
Cabom, rh Mr. Richard
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, rh Mr. Robin
Cooper, Rosie
Corbyn, Jeremy
Cormack, Sir Patrick
Crausby, Mr. David
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, Mr. David
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Ladyman, Dr. Stephen
Lazarowicz, Mark
Levitt, Tom
Lidington, Mr. David
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mann, John
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McDonnell, John
McFall, rh Mr. John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pickthall, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Reed, Mr. Jamie
Robertson, Angus
Robertson, Hugh
Robertson, John
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Selous, Andrew
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Tami, Mark
Taylor, Ms Dari
Taylor, Matthew
Thornberry, Emily
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Touhig, Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Hywel
Winterton, Ms Rosie
Wishart, Pete
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain

Tellers for the Ayes:
Mr. Parmjit Dhanda and Mr. Alan Campbell

NOES

Afriyie, Adam
Baldry, Tony
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bottomley, Peter
Brazier, Mr. Julian
Butterfill, Sir John
Cash, Mr. William
Chope, Mr. Christopher
Clark, Ms Katy
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cook, Frank
Curry, rh Mr. David
Davies, Philip
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Dunwoody, Mrs. Gwyneth
Efford, Clive
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fraser, Mr. Christopher
Gibson, Dr. Ian
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Greenway, Mr. John
Hammond, Stephen
Hands, Mr. Greg
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Harmon, Lady
Hopkins, Kelvin
Howarth, Mr. Gerald
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. Martyn
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Liddell-Grainger, Mr. Ian
Loughton, Tim
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Scott, Mr. Lee
Shephard, Mr. Richard
Skinner, Mr. Dennis
Soames, Mr. Nicholas
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham

Swayne, Mr. Desmond	Walter, Mr. Robert
Swire, Mr. Hugo	Watkinson, Angela
Syms, Mr. Robert	Wiggin, Bill
Tapsell, Sir Peter	Wilshire, Mr. David
Taylor, David	Wilson, Mr. Rob
Taylor, Dr. Richard	Winterton, Ann
Tyrie, Mr. Andrew	Winterton, Sir Nicholas
Vaizey, Mr. Edward	Young, rh Sir George
Vara, Mr. Shailesh	
Viggers, Peter	**Tellers for the Noes:**
Villiers, Mrs. Theresa	**Mr. Eric Forth and**
Wallace, Mr. Ben	**Mr. Mark Harper**

Question accordingly agreed to.

Select Committees (Size of Committees)

Ordered,

That the following changes be made to the Standing Orders—

(a) Standing Order No. 152 (Select committees related to government departments) be amended as follows—

(i) in items 3, 6, 8, 14 and 16 in the Table, by leaving out '11' and inserting '14';

(ii) in item 5 in the Table, by leaving out '17' and inserting '14'; and

(iii) in paragraph (3), by leaving out the words from 'sub-committee' in line 10 to the end of the paragraph; and

(b) Standing Order No. 141 (Regulatory Reform Committee) be amended by leaving out 'eighteen' in paragraph (9) and inserting 'fourteen'.

Standing Orders (Machinery of Government Changes)

That the following amendments be made to the Standing Orders—

(a) Standing Order No. 152 (Select committees related to government departments) be amended, in item 16 in the Table, by leaving out 'Board of Inland Revenue, Board of Customs & Excise' and inserting 'HM Revenue & Customs'; and

(b) Standing Order No. 119 (European Standing Committees) be amended, in the table, by leaving out 'HM Customs and Excise' and inserting 'HM Revenue and Customs'.—*[Mr. Coaker.]*

Administration

Ordered,

That Mr Bob Ainsworth, Janet Anderson, Derek Conway, Frank Dobson, Mr Brian H. Donohoe, Mr Frank Doran, Mr Eric Forth, Mr Neil Gerrard, Mr Mark Harper, Helen Jones, Mr Kevan Jones, David Lepper, Peter Luff, Mr Patrick McLoughlin, John Thurso and Pete Wishart be members of the Administration Committee.

Constitutional Affairs

That Mr Alan [illegible], James Brokenshire, David Howarth, Barbara Keeley, Mr Piara S. Khabra, Jessica Morden, Julie Morgan, Mr Andrew Tyrie, Keith Vaz, Dr Alan Whitehead and Jeremy Wright be members of the Constitutional Affairs Committee.

Culture, Media and Sport

That Janet Anderson, Mr Nigel Evans, Paul Farrelly, Mr Mike Hall, Alan Keen, Rosemary McKenna, Adam Price, Mr Adrian Sanders, Helen Southworth, Mr John Whittingdale and Mr Tim Yeo be members of the Culture, Media and Sport Committee.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

Madam Deputy Speaker: With the leave of the House, I will now put motions 12 to 31 together.

Defence

Ordered,

That Mr James Arbuthnot, Mr David S. Borrow, Mr Colin Breed, Derek Conway, Mr David Crausby, Linda Gilroy, Mr David Hamilton, Mr Mike Hancock, Mr Dai Havard, Mr Brian Jenkins, Mr Kevan Jones, Robert Key, John Smith and Mr Desmond Swayne be members of the Defence Committee.

Education and Skills

That Dr Roberta Blackman-Woods, Mr David Chaytor, Mrs Nadine Dorries, Jeff Ennis, Mr David Evennett, Tim Farron, Helen Jones, Mr Gordon Marsden, Mr Barry Sheerman, Stephen Williams and Mr Rob Wilson be members of the Education and Skills Committee.

Environment, Food and Rural Affairs

That Mr David Drew, James Duddridge, Patrick Hall, Mr Michael Jack, Lynne Jones, Daniel Kawczynski, David Lepper, Mrs Madeline Moon, Mr Jamie Reed, Mr Dan Rogerson, David Taylor, Sir Peter Soulsby, Mr Shailesh Vara and Mr Roger Williams be members of the Environment, Food and Rural Affairs Committee.

Foreign Affairs

That Mike Gapes, Mr Fabian Hamilton, Mr John Horam, Mr Eric Illsley, Mr Paul Keetch, Mr Andrew Mackay, Andrew Mackinlay, Mr John Maples, Sandra Osborne, Mr Greg Pope, Mr Ken Purchase, Sir John Stanley, Ms Gisela Stuart and Richard Younger-Ross be members of the Foreign Affairs Committee.

Health

That Mr David Amess, Charlotte Atkins, John Austin, Mr Kevin Barron, Mr Paul Burstow, Jim Dowd, Anne Milton, Dr Doug Naysmith, Mike Penning, Dr Richard Taylor and Dr Howard Stoate be members of the Health Committee.

Home Affairs

That Mr Richard Benyon, Mr Jeremy Browne, Colin Burgon, Mr James Clappison, Mrs Ann Cryer, Mrs Janet Dean, Mr John Denham, Nick Harvey, Mr Nick Herbert, Mr Shahid Malik, Steve McCabe, Gwyn Prosser, Mr Gary Streeter and Mr David Winnick be members of the Home Affairs Committee.

International Development

That John Barrett, John Battle, Hugh Bayley, John Bercow, Malcolm Bruce, Richard Burden, Mr Quentin Davies, Mr Jeremy Hunt, Ann McKechin, Joan Ruddock and Mr Marsha Singh be members of the International Development Committee.

Northern Ireland Affairs

That Mr David Anderson, Gordon Banks, Mr Gregory Campbell, Rosie Cooper, Sir Patrick Cormack, Mr Christopher Fraser, Mr John Grogan, Mr Stephen Hepburn, Lady Hermon, Meg Hillier, Dr Alasdair McDonnell, Stephen Pound and Sammy Wilson be members of the Northern Ireland Affairs Committee.

Office of the Deputy Prime Minister: Housing, Planning,

Local Government and the Regions

That Sir Paul Beresford, Mr Clive Betts, John Cummings, Mr Jim Cunningham, Mr Martin Horwood, Mr Mark Lancaster, Anne Main, Mr Bill Olner, Dr John Pugh, Alison Seabeck and Dr Phyllis Starkey be members of the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee.

Scottish Affairs

That Danny Alexander, Gordon Banks, Ms Katy Clark, Mr Ian Davidson, Mr Angus MacNeil, David Mundell, Mr Mohammed Sarwar, Mr John MacDougall, Mr Jim McGovern, Mr Ben Wallace and Mr Charles Walker be members of the Scottish Affairs Committee.

Trade and Industry

That Roger Berry, Mr Peter Bone, Mr Michael Clapham, Mrs Claire Curtis-Thomas, Mr Lindsay Hoyle, Miss Julie Kirkbride, Peter Luff, Judy Mallaber, Rob Marris, Mrs Maria Miller, Anne Moffat, Sir Robert Smith, Mr Mike Weir and Mr Anthony Wright be members of the Trade and Industry Committee.

Transport

That Mr David Clelland, Mr Jeffrey M. Donaldson, Mrs Gwyneth Dunwoody, Clive Efford, Mrs Louise Ellman, Mr Robert Goodwill, Mr John Leech, Mr Eric Martlew, Mr Lee Scott, Graham Stringer and Mr David Wilshire be members of the Transport Committee.

Treasury

That Lorely Burt, Jim Cousins, Angela Eagle, Mr Michael Fallon, Damian Green, Ms Sally Keeble, Susan Kramer, Mr Andrew Love, Kerry McCarthy, Mr John McFall, Mr George Mudie, Mr David Ruffley, Mr Mark Todd and Peter Viggers be members of the Treasury Committee.

Work And Pensions

That Miss Anne Begg, Harry Cohen, Mr Philip Dunne, Mrs Natascha Engel, Michael Jabez Foster, Justine Greening, Mrs Joan Humble, Greg Mulholland, John Penrose, Mr Terry Rooney and Jenny Willott be members of the Work and Pensions Committee.

Regulatory Reform

That Gordon Banks, Mr James Gray, Stephen Hammond, John Hemming, Sharon Hodgson, Mr Stewart Jackson, Andrew Miller, Dr Doug Naysmith, Mr Jamie Reed, Bob Russell, Alison Seabeck, Mr Andrew Slaughter, Ms Angela C. Smith and Mr Anthony Steen be members of the Regulatory Reform Committee.

Procedure

That Mr David Anderson, Annette Brooke, Ms Katy Clark, Mr Jim Cunningham, Mr David Gauke, Andrew Gwynne, Mr Eric Illsley, Mrs Siân C. James, Mr Greg Knight, Rosemary McKenna, Sir Robert Smith, Mr Rob Wilson and Sir Nicholas Winterton be members of the Procedure Committee.

Environmental Audit

That Mr Peter Ainsworth, Ms Celia Barlow, Mr Martin Caton, Colin Challen, Mr David Chaytor, Mr Tobias Ellwood, Lynne Featherstone, David Howarth, Mr Nick Hurd, David Lepper, Mark Pritchard, Emily Thornberry, Dr Desmond Turner, Mrs Theresa Villiers and Joan Walley be members of the Environmental Audit Committee.

Public Accounts

That Mr Richard Bacon, Angela Browning, Mr Alistair Carmichael, Greg Clark, Mr David Curry, Mr Ian Davidson, HelenGoodman, Ms Diana R. Johnson, Mr Sadiq Khan, Mr Edward Leigh, Sarah McCarthy-Fry, Jon Trickett, Kitty Ussher, Mr Alan Williams and Stephen Williams be members of the Committee of Public Accounts.

Public Administration

That Mr David Burrowes, Julia Goldsworthy, Paul Flynn, David Heyes, Kelvin Hopkins, Mr Ian Liddell-Grainger, Julie Morgan, Mr Gordon Prentice, Grant Shapps, Jenny Willott and Dr Tony Wright be members of the Public Administration Committee.

Human Rights (Joint Committee)

That Mr Douglas Carswell, Mary Creagh, Mr Andrew Dismore, Dr Evan Harris, Dan Norris and Mr Richard Shepherd be members of the Select Committee appointed to join with a Committee of the Lords as the Joint Committee on Human Rights.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

Human Rights (Joint Committee) (Date and Time of Meeting)

Ordered,

That the Select Committee appointed to join with a Committee of the Lords as the Joint Committee on Human Rights do meet the Committee appointed by the Lords on Tuesday 19th July at Four o'clock in Committee Room 5.—*[Mr. Bob Ainsworth.]*

Modernisation of the House of Commons

Ordered,

That a Select Committee of 15 Members be appointed to consider how the House operates and to make recommendations for modernisation;

That the Committee have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, to report from time to time and to appoint specialist advisers;

That Liz Blackman, Mr Crispin Blunt, Ms Dawn Butler, Ann Coffey, Mr David Heath, Mr Geoffrey Hoon, Mr George Howarth, Mr Greg Knight, Mark Lazarowicz, Jessica Morden, Mr Richard Shepherd, Andrew Stunell, Mr Edward Vaizey, Lynda Waltho and Sir Nicholas Winterton be members of the Committee;

That this Order be a Standing Order of the House until the end of the present Parliament.—*[Mr. Coaker.]*

Liaison Committee

Motion made, and Question proposed,

That—

(1) With effect for the current Parliament, notwithstanding Standing Order No. 121 (Nomination of select committees), the Chairman for the time being of each of the Select Committees listed in paragraph (2) below shall be a member of the Liaison Committee;

(2) The Committees to which paragraph (1) above applies are:

Administration
Constitutional Affairs
Culture, Media and Sport
Defence
Education and Skills
Environmental Audit
Environment, Food and Rural Affairs
European Scrutiny
Finance and Services
Foreign Affairs
Health
Home Affairs
Joint Committee on Human Rights(the Chairman being a Member of this House)
International Development
Northern Ireland Affairs
Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions
Procedure
Public Accounts
Public Administration
Regulatory Reform
Science and Technology
Scottish Affairs
Selection
Standards and Privileges

[Madam Deputy Speaker]

Statutory Instruments
Trade and Industry
Transport
Treasury
Welsh Affairs
Work and Pensions;
and

(3) Mr Alan Williams shall also be a Member of the Liaison Committee.—*[Mr. Coaker.]*

Amendment proposed: (a) in line 40, at end add 'and

(4) the senior backbench member of the Chairmen's Panel shall also be a member of the Liaison Committee.'.—*[Sir Nicholas Winterton.]*

The House divided: Ayes 113, Noes 224.

Division No. 39] **[5.31pm**

AYES

Afriyie, Adam
Atkinson, Mr. Peter
Baldry, Tony
Bellingham, Mr. Henry
Benyon, Mr. Richard
Berry, Roger
Binley, Mr. Brian
Blunt, Mr. Crispin
Bottomley, Peter
Brazier, Mr. Julian
Butterfill, Sir John
Cash, Mr. William
Chope, Mr. Christopher
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cook, Frank
Cormack, Sir Patrick
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gauke, Mr. David
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Horam, Mr. John
Hosie, Stewart
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. Martyn
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Lancaster, Mr. Mark
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Mitchell, Mr. Andrew
Moore, Mr. Michael
Newmark, Mr. Brooks
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Thurso, John
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Water, Mr. Robert
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
Mr. Eric Forth and
John Bercow

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Beith, rh Mr. Alan
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burstow, Mr. Paul
Caborn, rh Mr. Richard
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, rh Mr. Robin
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, Mr. David
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Ladyman, Dr. Stephen
Lazarowicz, Mark
Levitt, Tom
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mann, John

Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McDonnell, John
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mullin, Mr. Chris
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Touhig, Mr. Don
Trickett, Jon
Tyrie, Mr. Andrew
Vis, Dr. Rudi
Walley, Joan
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Winterton, Ms Rosie
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Parmjit Dhanda and Mr. Alan Campbell

Question accordingly negatived.

Main Question put and agreed to.

Pay for Chairmen of Standing Committees

Motion made, and Question proposed,

That this House—

(1) takes note of the Report of the Review Body on Senior Salaries on Pay for Standing Committee Chairmen in the House of Commons presented to Parliament on 6th July (Cm 6566); and

(2) expresses the opinion that—

(a) with effect from 1st November 2005, the salary of a Member should be higher by the amount specified in sub-paragraph (b) than the figure determined in accordance with the provisions of the Resolution of the House of 10th July 1996 in respect of any period during which the Member has been nominated by the Speaker to act as a temporary chairman of committees in accordance with the provisions of Standing Order No. 4 (Chairmen's Panel) ('a member of the Panel'), other than to the extent that the provisions of sub-paragraph (d) apply;

(b) for a Member who has served on the Panel for less than one year, the additional amount should be £2,615; for a Member who has served on the Panel for at least one year but less than three years, the additional amount should be £7,340; for a Member who has served on the Panel for at least three years and less than five years, the additional amount should be £9,960; and for a Member who has served on the Panel for at least five years, the additional amount should be £13,107; and for the purposes of this sub-paragraph length of service should include membership of the Panel before 1st November 2005 and should be calculated irrespective of breaks in service;

(c) a period should begin for the purpose of sub-paragraph (a) on the day on which the Member is appointed to the Panel, or on 1st November 2005, whichever is the later; and end on the day on which the Member ceases to be a member of the Panel;

(d) there should be disregarded for the purpose of sub-paragraph (a) any period in respect of which the Member is receiving additional payment as Chairman of a Select Committee;

(e) the provisions of paragraph (2) of the Resolution of the House of 10th July 1996 relating to Members' Salaries (No. 2) should apply, with effect from 1st April 2006, to a salary determined in accordance with sub-paragraphs (a) and (b) as they apply in relation to a salary determined in accordance with the provisions of that Resolution; and

(f) the Speaker should have authority to interpret these provisions.—*[Mr. Coaker.]*

Amendment proposed: in line 15, leave out from 'than' to 'the' in line 21 and insert

'two years, the additional amount should be £7,340 and for a Member who has served for more than two years'.—*[Mr. Forth.]*

The House divided: Ayes 85, Noes 220.

Division No. 40] **[5.43 pm**

AYES

Afriyie, Adam
Anderson, Janet
Baldry, Tony
Banyon, Mr. Richard
Blunt, Mr. Crispin
Bottomley, Peter
Chope, Mr. Christopher
Clark, Ms Katy
Conway, Derek
Davies, Philip
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Dowd, Jim
Duddridge, James
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Gauke, Mr. David
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Hamilton, Mr. David
Hammond, Stephen
Hands, Mr. Greg
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Horam, Mr. John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. Martyn
Kirkbride, Miss Julie
Lancaster, Mr. Mark
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mates, rh Mr. Michael
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Newmark, Mr. Brooks
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Soames, Mr. Nicholas
Spink, Bob
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walter, Mr. Robert
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilshire, Mr. David

Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Young, rh Sir George

Tellers for the Ayes:
Mr. Eric Forth and
Mr. Mark Harper

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Beith, rh Mr. Alan
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burstow, Mr. Paul
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hanson, Mr. David
Harvey, Nick
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Hosie, Stewart
Howarth, Mr. George
Hoyle, Mr. Lindsay
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lilley, rh Mr. Peter
Lloyd, Tony
Llwyd, Mr. Elfyn
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Main, Anne
Mann, John
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McDonnell, John
McFall, rh Mr. John
Mclsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morley, Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Pound, Stephen
Prentice, Bridget
Price, Adam
Prosser, Gwyn
Purchase, Mr. Ken
Reed, Mr. Jamie
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thornberry, Emily
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Touhig, Mr. Don
Vaz, Keith
Walley, Joan
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Hywel
Winterton, Ms Rosie
Wishart, Pete
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain

Tellers for the Noes:
Mr. Alan Campbell and
Mr. Parmjit Dhanda

Question accordingly negatived.

Main Question put:—

The House divided: Ayes 226, Noes 74.

Division No. 41] **[5.54 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Beith, rh Mr. Alan
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Buck, Ms Karen
Burden, Richard
Butterfill, Sir John
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Crausby, Mr. David
Creagh, Mary

Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davies, Philip
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Eagle, Angela
Efford, Clive
Ennis, Jeff
Evennett, Mr. David
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Fraser, Mr. Christopher
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Greenway, Mr. John
Grieve, Mr. Dominic
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hammond, Stephen
Hanson, Mr. David
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Horam, Mr. John
Howarth, Mr. George
Hoyle, Mr. Lindsay
Hutton, rh Mr. John
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Martyn
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Ladyman, Dr. Stephen
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Loughton, Tim
Love, Mr. Andrew
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFall, rh Mr. John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, Mr. Tony
Merron, Gillian
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morley, Mr. Elliot
Murphy, Mr. Jim
Naysmith, Dr. Doug
Newmark, Mr. Brooks
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Pearson, Ian
Penning, Mike
Pound, Stephen
Prentice, Bridget
Pritchard, Mark
Prosser, Gwyn
Purchase, Mr. Ken
Reed, Mr. Jamie
Robertson, Hugh
Robertson, John
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, Mr. Peter
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ruffley, Mr. David
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Selous, Andrew
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spink, Bob
Steen, Mr. Anthony
Straw, rh Mr. Jack
Swayne, Mr. Desmond
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Thurso, John
Tipping, Paddy
Touhig, Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Vara, Mr. Shailesh
Vaz, Keith
Walley, Joan
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Williams, rh Mr. Alan
Wilshire, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Winterton, Ms Rosie
Wright, David
Wright, Mr. Iain
Young, rh Sir George

Tellers for the Ayes:
Mr. Alan Campbell and Mr. Parmjit Dhanda

NOES

Afriyie, Adam
Allen, Mr. Graham
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Borrow, Mr. David S.
Bryant, Chris
Burgon, Colin
Chapman, Ben
Clapham, Mr. Michael
Corbyn, Jeremy
Cousins, Jim
Davidson, Mr. Ian
Dean, Mrs. Janet
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Elman, Mrs. Louise
Fallon, Mr. Michael
Field, Mr. Mark
Fisher, Mark
Gauke, Mr. David
Gibson, Dr. Ian
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Hall, Mr. Mike
Hamilton, Mr. David
Hands, Mr. Greg
Heathcoat-Amory, rh Mr. David
Hogg, rh Mr. Douglas
Hopkins, Kelvin
Hosie, Stewart
Hurd, Mr. Nick
Iddon, Dr. Brian
Jackson, Mr. Stewart
Jones, Helen
Lancaster, Mr. Mark
Lazarowicz, Mark
Lloyd, Tony
Llwyd, Mr. Elfyn
Mann, John
McCrea, Dr. William
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Norris, Dan
Paterson, Mr. Owen
Prentice, Mr. Gordon
Price, Adam
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shepherd, Mr. Richard
Simpson, Alan
Simpson, Mr. Keith
Soames, Mr. Nicholas
Stanley, rh Sir John
Starkey, Dr. Phyllis
Stuart, Mr. Graham
Swire, Mr. Hugo
Taylor, David
Taylor, Dr. Richard
Tyrie, Mr. Andrew
Viggers, Peter
Villiers, Mrs. Theresa
Walter, Mr. Robert
Weir, Mr. Mike
Williams, Hywel
Wilson, Mr. Rob

Tellers for the Noes:
Andrew Mackinlay and Mr. Dennis Skinner

Question accordingly agreed to.

Pay for Chairmen of Standing Committees (No. 2)

(Queen's recommendation signified).

Resolved,

That the following provision shall be made with respect to the salaries of Members of this House—

(a) with effect from 1st November 2005, the salary of a Member shall be higher by the amount specified in sub-paragraph (b) than the figure determined in accordance with the provisions of the Resolution of the House of 10th July 1996 in respect of any period during which the Member has been nominated by the Speaker to act as a temporary chairman of committees in accordance with the provisions of Standing Order No. 4 (Chairmen's Panel) ('a member of the Panel'), other than to the extent that the provisions of sub-paragraph (d) apply;

(b) for a Member who has served on the Panel for less than one year, the additional amount shall be £2,615; for a Member who has served on the Panel for at least one year but less than three years, the additional amount shall be £7,340; for a Member who has served on the Panel for at least three years and less than five years, the additional amount shall be £9,960; and for a Member who has served on the Panel for at least five years, the additional amount shall be £13,107; and for the purposes of this sub-paragraph length of service shall include membership of the Panel before 1st November 2005 and shall be calculated irrespective of breaks in service;

(c) a period should begin for the purpose of sub-paragraph (a) on the day on which the Member is appointed to the Panel, or on 1st November 2005, whichever is the later; and end on the day on which the Member ceases to be a member of the Panel;

(d) there shall be disregarded for the purpose of sub-paragraph (a) any period in respect of which the Member is receiving additional payment as Chairman of a Select Committee;

(e) the provisions of paragraph (2) of the Resolution of the House of 10th July 1996 relating to Members' Salaries (No. 2) shall apply, with effect from 1st April 2006, to a salary determined in accordance with subparagraphs (a) and (b) as they apply in relation to a salary determined in accordance with the provisions of that Resolution; and

(f) the Speaker shall have authority to interpret these provisions.—*[Mr. Coaker.]*

Pay for Chairmen of Select Committees

Motion made, and Question put,

That this House expresses the opinion that, with immediate effect, the resolution of the House of 30th October 2003 relating to Pay for Chairman of Select Committees (No. 2) should be amended in paragraph (1) by leaving out "or the Joint Committee on Statutory Instruments" and inserting "the Joint Committee on Statutory Instruments, the Administration Committee, the Finance and Services Committee, the Liaison Committee, the Procedure Committee, the Committee of Selection or the Committee on Standards and Privileges".

The House divided: Ayes 232, Noes 59.

Division No. 42] **[6.6 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Buck, Ms Karen
Burden, Richard
Butterfill, Sir John
Carmichael, Mr. Alistair
Cash, Mr. William
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Chope, Mr. Christopher
Clapham, Mr. Michael
Clark, Ms Katy
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Conway, Derek
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cormack, Sir Patrick
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davidson, Mr. Ian
Davies, Philip
Dean, Mrs. Janet
Diamond, Mr. Andrew
Djanogly, Mr. Jonathan
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Eagle, Angela
Efford, Clive
Ennis, Jeff
Evennett, Mr. David
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Francois, Mr. Mark
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hanson, Mr. David
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Horam, Mr. John
Howarth, Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hurd, Mr. Nick
Hutton, rh Mr. John
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Martyn
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Ladyman, Dr. Stephen
Lancaster, Mr. Mark
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Liddell-Grainger, Mr. Ian
Loughton, Tim
Love, Mr. Andrew
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonnell, John
McFall, rh Mr. John
McIsaac, Shona
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, Mr. Tony
Merron, Gillian
Miller, Andrew
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Mudie, Mr. George
Murphy, Mr. Jim
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Ottaway, Richard
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Pritchard, Mark
Prosser, Gwyn
Purchase, Mr. Ken
Reed, Mr. Jamie
Robertson, Hugh
Robertson, John
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, Mr. Peter
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Selous, Andrew
Simon, Mr. Siôn
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spink, Bob
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Straw, rh Mr. Jack
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Thurso, John
Timms, Mr. Stephen

Tipping, Paddy
Touhig, Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Vaz, Keith
Walley, Joan
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wiggin, Bill
Wilshire, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Winterton, Ms Rosie
Wright, David
Wright, Mr. Iain

Tellers for the Ayes:
Mr. Alan Campbell and
Mr. Parmjit Dhanda

NOES

Afriyie, Adam
Allen, Mr. Graham
Bellingham, Mr. Henry
Binley, Mr. Brian
Borrow, Mr. David S.
Bryant, Chris
Burgon, Colin
Burstow, Mr. Paul
Chapman, Ben
Corbyn, Jeremy
Cousins, Jim
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Ellman, Mrs. Louise
Fallon, Mr. Michael
Field, Mr. Mark
Flynn, Paul
Fraser, Mr. Christopher
Gauke, Mr. David
Gibson, Dr. Ian
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Hall, Mr. Mike
Hamilton, Mr. David
Hammond, Stephen
Hands, Mr. Greg
Heathcoat-Amory, rh Mr. David
Hogg, rh Mr. Douglas
Hopkins, Kelvin
Hosie, Stewart
Iddon, Dr. Brian
Jackson, Mr. Stewart
Jones, Helen
Lloyd, Tony
Mann, John
Naysmith, Dr. Doug
Paterson, Mr. Owen
Penning, Mike
Prentice, Mr. Gordon
Robertson, Angus
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shepherd, Mr. Richard
Simpson, Alan
Simpson, Mr. Keith
Stanley, rh Sir John
Swire, Mr. Hugo
Taylor, David
Taylor, Dr. Richard
Viggers, Peter
Villiers, Mrs. Theresa
Walter, Mr. Robert
Weir, Mr. Mike
Wilson, Mr. Rob

Tellers for the Noes:
Andrew Mackinlay and
Mr. Dennis Skinner

Question accordingly agreed to.

PAY FOR CHAIRMEN OF SELECT COMMITTEES (NO. 2)

(Queen's recommendation signified).

Resolved,

That, with immediate effect, the resolution of the House of 30th October 2003 relating to Pay for Chairman of Select Committees (No. 2) shall be amended in paragraph (1) by leaving out "or the Joint Committee on Statutory Instruments" and inserting "the Joint Committee on Statutory Instruments, the Administration Committee, the Finance and Services Committee, the Liaison Committee, the Procedure Committee, the Committee of Selection or the Committee on Standards and Privileges".

CHAIRMEN'S PANEL

Ordered,

That Standing Order No. 4 (Chairman's Panel) be amended by leaving out the words ", for every session," in line 1.

JOINT ACTIVITIES WITH THE NATIONAL ASSEMBLY FOR WALES

That Standing Order No. 137A (Select Committees: power to work with other committees) be amended, in line 23, at the end, by adding the words—

'(3) The Welsh Affairs Committee may invite members of any specified committee of the National Assembly for Wales to attend and participate in its proceedings (but not to vote).'.—*[Mr. Coaker.]*

Standards and Privileges

6.17 pm

The Leader of the House of Commons (Mr. Geoffrey Hoon): I beg to move,

That this House takes note of the Fourth Report of the Committee on Standards and Privileges, Session 2004–05 (House of Commons Paper No. 472), and approves the revised Code of Conduct set out in the Annex to the Report.

Motion 41 is the first of four motions before us in this debate. The House approved the original code of conduct and guide to the rules on 24 July 1996. A slightly revised code of conduct and substantially changed guide to the rules were approved by the House on 14 May 2002. In 2002, the Committee on Standards in Public Life recommended that in each Parliament the Parliamentary Commissioner for Standards should initiate a review of the code of conduct and guide to the rules. That was endorsed by the Select Committee on Standards and Privileges and supported in a debate in the House on 26 June 2003.

The commissioner therefore conducted a review last year, consulting all Members of the House, and made recommendations for some modest changes to the code to the Standards and Privileges Committee. The principal changes that he recommended are, first, the addition of provisions to make clearer the purpose and scope of the code; secondly, the inclusion of new statements of Members' duties in respect of the commissioner and the Standards and Privileges Committee, implementing recommendations made by the Committee on Standards in Public Life; and, thirdly, the extension of the existing provisions regarding misuse of parliamentary allowances to misuse of facilities and services provided by the House.

The Committee on Standards and Privileges endorsed all the changes proposed by the commissioner and added another: that there should be added to the principle set out in the code that Members have a public duty to uphold the law, the words

"including the general law against discrimination".

Those changes have been incorporated in the proposed new code of practice printed in the annexe to the report, which the House is being asked to approve today.

I believe that the right hon. Member for North-West Hampshire (Sir George Young), who chaired the Committee in the last Parliament, will speak in the debate and explain the background to the proposed changes in greater detail—although I hope in not too great a detail.

One of the Committee's recommendations is not reflected in the motions before us. In paragraph 20, the Committee supports the commissioner's recommendation that the House should consider whether the Director of Finance and Administration, the Serjeant at Arms and other relevant House authorities should henceforth have an obligation to refer to the commissioner for investigation under the code the more significant instances of misuse that come independently to their attention, particularly where there is prima facie evidence of deliberate abuse. The Committee recommended that the House should take a decision in principle on that proposal when it considered the proposed new code. It would be a significant change, with potentially serious implications for the relationship between the Officers of the House and its Members. The

[Mr. Geoffrey Hoon]

recommendation requires further consultation and would be better taken forward separately. The Committee recognised that the recommendation was free-standing and therefore capable of independent consideration. I welcome the views of right hon. and hon. Members, and as ever I will listen carefully to what the right hon. Member for North-West Hampshire may say on that point.

Motion 42 amends Standing Order No. 150, in line with paragraphs 15 and 17 of the Committee's report, introducing a new, simplified procedure for dealing with some cases of misuse of parliamentary allowances, facilities or services. With the agreement of the Member concerned, the commissioner will be able to exercise discretion to refer such cases to the relevant Officer of the House to secure appropriate reimbursement. Provided that the process is completed in a reasonable time scale, there will be no need for the commissioner to report to the Committee. That represents a useful extension to the rectification procedure in respect of inadvertent or minor failures to register or declare interests.

Motion 43 makes two tidying amendments to Standing Order No. 149, which provides the order of reference for the Committee on Standards and Privileges. It reduces the size of the Committee from 11 members to 10 following the agreement made in the previous Parliament that these should be a gradual movement towards a Committee of 10 in which no party had overall control, as recommended by the Committee on Standards in Public Life.

The order also removes the requirement that the Committee appoint a sub-committee specifically to receive reports from the commissioner relating to investigations into specific complaints. In practice, the Committee has never adopted that approach and if it wished to do so in future its general power to appoint sub-committees would allow that to happen.

Motion 44 nominates 10 members of the Committee. The House will be grateful to those Members for their willingness to serve on the Committee, which is a responsible and often thankless task, but very important to the integrity and standing of the House. I commend the motions.

6.22 pm

Chris Grayling (Epsom and Ewell) (Con): I echo and support the words of the Leader of the House. This is a sensible set of motions. I offer my thanks to my right hon. Friend the Member for North-West Hampshire (Sir George Young) for the work that he and his Committee did on this subject in the previous Parliament. The House should also thank the commissioner for his work in putting together the proposed new code. Beyond that, I have nothing to add except that the motions have the support of my colleagues and I, and I look forward to hearing comments and explanation from my right hon. Friend.

6.23 pm

Mr. David Heath (Somerton and Frome) (LD): I do not need to detain the House for very long either. Having had the pleasure of serving on the Committee on Standards and Privileges in the previous Parliament under the chairmanship of the right hon. Member for North-West Hampshire (Sir George Young), I want to put on record my appreciation of his chairmanship, which was exemplary, and of the work of colleagues on the Committee. As the Leader of the House said, it is a responsible but often thankless task. Members are happy to undertake it on behalf of the House, but on occasions we should recognise the difficult decisions that they have to take and the careful consideration that they must give to matters brought to their attention—along with the work of the Parliamentary Commissioner. In addition, I strongly support the proposed extension of the rectification procedure.

As I said in a previous debate, the Committee on Standards in Public Life was right to recommend that not only should the Committee on Standards and Privileges do its work fairly, impartially and well, but that we should ensure that that impression is given to the outside world. The minor changes to the composition of the Committee—reducing the size so that there is no in-built Government majority, ensuring representation of the minority parties, in the form of the representative of Plaid Cymru in the previous Parliament as well as in this if the proposal goes through, and ensuring that Parliamentary Private Secretaries and Front-Bench Opposition spokesmen are not represented—add to the regard with which the Committee is likely to be held by those who look at its proceedings. That is right and proper, and I would recommend it to the House. I look forward to hearing what the former Chairman—and, I hope, the future Chairman—of the Standards and Privileges Committee says about the proposals.

6.25 pm

Sir George Young (North-West Hampshire) (Con): I am grateful for right hon. and hon. Members' kind words about the work of the Standards and Privileges Committee in the last Parliament and for what they said about the Parliamentary Commissioner for Standards. I welcome the opportunity to speak briefly in our debate.

The report that we are debating is temporarily orphaned, as the Committee that produced it in March this year is no more and its successor will not be set up until after the end of this debate. I am grateful to the Leader of the House for bringing the matter before the House quickly, as the Committee recommended in the last Parliament, so that the new code can come into force as early as possible in this Parliament. This evening, I am prepared to act as a foster parent. The review, as the Leader of the House said, is the first major review of the code since it was first introduced in 1996. Its genesis lies in the recommendation by the Committee on Standards in Public Life, accepted by the House in a debate in June 2003, that the code and the guide to the rules be reviewed once every Parliament.

A substantially revised guide was approved by the House in May 2002, following an extensive inquiry by the Committee and its predecessor, but before the Committee on Standards in Public Life made its recommendation. In July 2004, the Parliamentary Commissioner for Standards initiated a consultation on the revision of the code. In February this year, he submitted proposals for a revised code to the Committee. On behalf of the previous Committee, I thank the Commissioner for the substantial and thorough work that went into that exercise. As the

Committee reported, it was clear from responses to the consultation that there was no general feeling, either inside or outside the House, that the code required major revision. As the Committee said in its report, that is a welcome demonstration that

"the code continues to achieve the objectives for which it was created in the first place."

It is therefore not surprising that the commissioner recommended no great changes, and that the Committee was happy to accept all his proposals.

The principal changes in the proposed new code, which brings a welcome overall enhancement to the clarity and focus of the code on the issues that matter, include new statements on Members' duties from the Parliamentary Commissioner for Standards and the Committee on Standards and Privileges, and the implementation of recommendations by the Committee on Standards in Public Life. They also include the extension of existing provisions on the misuse of parliamentary allowances to the misuse of facilities and services provided by the House. It is right in principle that the misuse of House resources, whether in cash or in kind, should be treated in the same way. The Committee gave careful consideration to the inclusion of a non-discrimination provision in the proposed new code. Such provisions are commonly included in professional codes of practice, and the Committee decided to include one. I believe that it has done so effectively and in a way that will not impose additional burdens on Members.

When considering the new code, the Committee was anxious to ensure that its proposals were proportionate to the regulatory need, and that it should not seek to increase unnecessarily the regulatory burden on Members, which some already find irksome. Nor did it wish to increase the burden on the commissioner for no good purpose. In recommending an extension to the scope of the code to include the misuse of facilities and services, we therefore recommended that the present arrangements for investigating such matters continue to be used as far as possible, but under the oversight of the commissioner. Those arrangements appear to work well and to command general confidence in the House, so we saw no need to change them for the sake of it.

The Committee recommended a procedure whereby the Commissioner could, if appropriate, dispose of certain cases by referring them to the relevant Officer of the House to secure suitable financial reimbursement rather than making a report to the Committee. In a deregulatory move, the Committee recommended that such a procedure should be available in misuse of allowances cases. That is not possible under the existing code.

Speaking personally, I would like to see further deregulatory moves, consistent with proper accounting for public funds. In the House we recognise the importance of a deregulated environment for those whom we represent, while putting more regulation on ourselves. I am not sure which body is the appropriate forum to take this agenda forward, but I detect an appetite for it in the House. I am pleased to see that the Government have tabled motions that will enable the two recommendations to which I referred a moment ago to be implemented.

The Committee also set out a principle which I hope is not contentious—that what happens to a Member should depend on the severity or otherwise of the offence, rather than on the route by which it is uncovered. In principle, we argue that there should be a level playing field. I recognise, as did the Committee, that the proposal in the Committee's report—which, as the Leader of the House said, we are not being asked to deal with today—that Officers of the House should, in some circumstances, report evidence of apparent misuse to the Parliamentary Commissioner for Standards raises sensitive issues around Members' relationship with those Departments, and that how the level playing field might be brought about in practice may require, as the Leader of the House said, further consultation.

I am happy with that, and I hope that such discussion or consultation could take place in the context of acceptance of the underlying principle that the seriousness of the matter should be the paramount consideration. That can only enhance public confidence in our regulatory arrangements. Handling all serious cases in the same manner, no matter how they arise, will also mean that the procedural safeguards and protection for Members inherent in the procedures overseen by the Committee would be available to all Members concerned.

We made good progress in the last Parliament in building public confidence in the regulatory framework, and in self-regulation in particular. As Peter Riddell, chief political correspondent of *The Times*, stated in a recent review of the first 10 years of the Committee on Standards in Public Life,

"The revamped system of Commons self-regulation and disclosure is now operating pretty well".

I am sure the new Committee will want to build on that record. In the last Parliament, the commissioner and the Committee rightly emphasised education and prevention, and I was pleased to see the extensive briefings on standards matters offered to new Members. The proposed new code strengthens in a proportionate way the expectations of both the House and the public as regards Members' conduct, and I commend the motions to the House.

Question put and agreed to.

Parliamentary Commissioner for Standards

Ordered,

That Standing Order No. 150 (Parliamentary Commissioner for Standards) be amended by leaving out paragraph (3) and inserting the following—

'(3) No report shall be made by the Commissioner:

(a) in any case where the Member concerned has agreed that he has failed to register or declare an interest, if it is the Commissioner's opinion that the interest involved is minor, or the failure was inadvertent, and the Member concerned has taken such action by way of rectification as the Commissioner may have required within any procedure approved by the Committee for this purpose; and

(b) in any case involving parliamentary allowances, or the use of facilities or services, if the Commissioner has with the agreement of the Member concerned referred the matter to the relevant Officer of the House for the purpose of securing appropriate financial reimbursement, and the Member has made such reimbursement within such period of time as the Commissioner considers reasonable.'—*[Tony Cunningham.]*

COMMITTEE ON STANDARDS AND PRIVILEGES

Ordered,

That Standing Order No. 149 (Committee on Standards and Privileges) be amended

as follows—

(a) by leaving out 'eleven' in line 24 and inserting 'ten'; and

(b) by leaving out from 'committee;' in line 33 to the end of line 35.—*[Tony Cunningham.]*

STANDARDS AND PRIVILEGES (NOMINATION)

Ordered,

That Mr Kevin Barron, Angela Browning, Ben Chapman, Mr Andrew Dismore, Nick Harvey, Mr Brian Jenkins, Mr Elfyn Llwyd, Mr Andrew Mackay, Dr Alan Whitehead and Sir George Young be members of the Standards and Privileges Committee.—*[Mr. Bob Ainsworth.]*

PETITION

Exmouth (Development)

6.32 pm

Mr. Hugo Swire (East Devon) (Con): Exmouth in my constituency is now the largest town in Devon. It is therefore only right that there should be a proper discussion about the town's future in order to revitalise the local economy, particularly in the light of the weekend's announcement that the university of Plymouth may be planning to relocate the remaining faculty at Rolle college to Plymouth.

There are many different views about what form the development should take, but there is considerable dismay among my constituents at the thought that Exmouth's most valuable asset, its waterfront along the estuary, might be developed. The 10,970 Exmouthians and visitors to Exmouth have signed a petition. The petition of Exmouth Citizens Forum and its supporters

Declares that they are concerned at any proposed building on the Exmouth waterfront and along the Exmouth estuary.

The Petitioners therefore request that that the House of Commons takes note of their concerns.

To lie upon the Table.

Co-proxamol

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

6.34 pm

Miss Anne Begg (Aberdeen, South) (Lab): I am delighted to have the opportunity to call an Adjournment debate on the availability of co-proxamol, which is a mild analgesic that is used to treat those who have mild to moderate chronic pain. The debate stems from the advice that was given to general practitioners in January this year by the Committee on Safety of Medicines, which recommended that co-proxamol should be withdrawn entirely over the next six to 12 months.

I must declare an interest: I have been prescribed the drug, which I have used regularly for some years, and I take four co-proxamol a day. However, I am not here tonight because I use the drug and might be affected. I am here because a number of my constituents who use the drug contacted me when the withdrawal of co-proxamol was first announced in the press because they are worried about what might happen. When my constituent, Jonathan Russell, who has ankylosing spondylitis, came to one of my constituency surgeries, I began to take an even greater interest in the debate.

Jonathan has been taking co-proxamol, which he has found to be an effective response to his chronic condition. I have known him for a number of years in his professional capacity: he is a social worker who works with disabled people and gets them into employment and he leads an extremely active life. He contends that he can lead his busy life because of co-proxamol, which allows him a good night's sleep and also keeps him supple.

When Jonathan heard about the concerns associated with co-proxamol, he went to his GP, who took him off the drug. Over the past few months, he has tried various other drugs, which are supposed to be as good as, if not better than, co-proxamol, but he has told me that none of them are working. Indeed, some of the new drugs are making him feel very unwell and not allowing him to get the night's sleep that he requires, which is affecting his ability to work.

The desperation caused by his not feeling well and the fear that he can never return to co-proxamol drove Jonathan to seek an appointment with me and to complain. He is not the type of person who normally complains—he deals with a chronic condition extremely well and with an extremely cheery disposition. The effect that the withdrawal of co-proxamol has had on his life must be extremely serious for him to complain. He has learned to live with and manage his pain, which is the meaning of chronic pain, but he cannot do so without access to co-proxamol. The effects of the other drugs mean that he has been unable to loosen up in the morning and that he has been late into work. Indeed, he is afraid that he may have to give up work if he cannot continue to use what he regards as a mild, effective drug that has no side effects.

Why has the withdrawal of co-proxamol been proposed? Is it because the drug is ineffective? The answer appears to be, "No"—patients report that it is extremely effective. Is it because the drug has serious

side effects? The answer is also, "No"—patients who use co-proxamol feel that out of all analgesics and other alternative drugs, whether they are COX-2 inhibitors or non-steroidal anti-inflammatories, it is the drug with the fewest side effects. Has co-proxamol been withdrawn because it increases the likelihood of a heart attack, a stroke or any other major health problem in the individual who is taking the drug? Again, the answer is "No"—the alternative drugs, which I shall discuss later are associated with a higher risk of such major health problems.

The reason why co-proxamol has been withdrawn, as was confirmed to me in a letter from the Secretary of State for Health, is that some people might abuse the drug and use it to commit suicide—not that the drug leads to people having suicidal impulses but that it is a mechanism for those who want to commit suicide. The Department of Health says that between 400 to 500 suicides a year are associated with co-proxamol, and that is why it has to take action.

Co-proxamol is quite different from most other drugs that have been withdrawn from the market. In those cases, there is usually an associated health risk for those who take the drug; in this case, the associated health risk is to those who may not have been prescribed the drug but take it in order to commit suicide or those who have been prescribed it but take it in overdose and therefore unconsciously or unwittingly commit suicide.

People who are on co-proxamol are aggrieved about the different approach that has been taken to that drug which means that they are losing an effective analgesic not because of anything that they do in terms of their behaviour or prescribing practices but because of what others might do. If that thinking was applied to all drugs, almost all would probably have to be taken off the market, because all drugs have some kind of associated risk; certainly, many opiates can be used to commit suicide.

Several years ago, we had the same debate about paracetamol. It is interesting that the advice that GPs have been given by the Committee on Safety of Medicines is that paracetamol, the drug that was controversial a few years ago, is just as effective as an analgesic. In medical terms, it might well be, but the people who use co-proxamol believe, from their own experience, that it is a superior drug. What is different about it is that it contains dextropropoxyphene, which can give people a high and be mildly addictive. It is probably that feeling of well-being that people get that makes them believe that it is a drug. But that is not a reason for withdrawing co-proxamol; many drugs, including opiates, will give people a sense of well-being.

The advice to GPs goes on to suggest that if paracetamol is not enough they should consider prescribing a non-steroidal anti-inflammatory such as ibuprofen. There have recently been reports about the risk factors inherent in ibuprofen. We also know that other non-steroidal anti-inflammatories can cause gastro-intestinal bleeds, so they are not risk-free drugs. If that is not enough, GPs are advised that perhaps they could think of prescribing dihydrocodeine, which is a very strong analgesic but has severe side effects—it makes people feel very sleepy and leads to constipation. The alternative drugs that are proposed to replace co-proxamol are not without associated side effects or risks.

The advice recognises that for some people none of this may work, and in such cases taking antidepressants such as amytriptyline is suggested. That is bizarre, because that class of drug is indicated in more suicide attempts than co-proxamol, since antidepressant drugs are generally used by those who may be more likely to have suicidal tendencies in the first place.

Why has it taken six months for us to get this far and have a debate in the House? It is probably because problems are only now beginning to appear. In some cases, patients who were on co-proxamol went to their GP, who prescribed something different and, six months later, they are realising that none of the alternative drugs work. That happened in the case of my constituent, Jonathan Russell. He has found that nothing else works. He has tried everything else and concluded that co-proxamol was the best drug for him.

The second group of patients comprises people such as me. I have not been to my GP but I know about the risks and that, at some point, I shall have to address the matter. However, that will be sometime in the future and I shall worry about it then. Many patients on co-proxamol may fall into that category. Perhaps some are not aware of what is going to happen. As time goes on and more practices determine their strategy on prescribing co-proxamol, that group, like my constituent Jonathan, will become more distressed.

People who are working in health are worried that not only co-proxamol is affected. If the suggestion had been that co-proxamol should be withdrawn from use, there would be less concern. However, many drugs that are used as alternatives to or alongside co-proxamol for chronic pain, especially the anti-inflammatories that are prescribed for people with arthritis, have large question marks over their use and the associated risks. Some have been withdrawn.

For example, the COX-2 inhibitors have proved remarkably effective in dealing with arthritic pain. Again, I speak from personal experience because I was on Vioxx. It was withdrawn and I went back on to co-proxamol. That was ironic because Vioxx was extremely effective and, when I took it, I did not need co-proxamol—as an anti-inflammatory, Vioxx reduced the pain and I did not need the analgesic effects of co-proxamol. Withdrawal of some of the COX-2 inhibitors has meant that people are more reliant than they had been on co-proxamol.

We must consider the exact risk that we ask patients to take. Almost all drugs have some associated risk and side effects, which can differ in different people. It is important that, when patients and GPs make decisions together on the most effective drugs for dealing with pain, they can make an informed choice. It should be up to them to weigh up the risks and benefits associated with their drug. If a drug is extremely effective, as the COX-2 inhibitors seemed to be, would patients be willing to put up with the associated increased risk of heart attack if they could be almost pain free for the next 20 years? Patients, with their doctors, should be allowed to make that informed choice.

Groups such as Arthritis Care have been keen to emphasise that informed choice. It is not a case of asking for all drugs to be available to all people at all times but of making a correct choice. I pay tribute to Arthritis Care. After I had applied for the Adjournment debate,

[Miss Anne Begg]

I realised that I needed a little more background information about what patient groups felt about the withdrawal of co-proxamol and whether the issue was more widespread than the case of my constituent. Arthritis Care has been extremely helpful in providing me with a great deal of background information.

Groups such as Arthritis Care do not ask for co-proxamol to be freely available. It recognises that the Committee on Safety of Medicines has to take account of the public health aspects of any drug's use and misuse. It has to take account of misuse, even by those who have not been prescribed the drug.

I am normally supportive of medical opinion. I am unlikely to go against informed medical opinion and it is therefore strange for me to be in the position of asking the Government to reconsider the advice from one of its committees, which has been established to provide such advice. I have always supported the work of the National Institute for Health and Clinical Excellence, and I believe that we must have independent committees to consider these issues.

It is important that the Government look again at the prescribing arrangements for co-proxamol. Why should a person who lives alone and who takes four co-proxamols a day—which is well below a dangerous dose—be denied a drug with minimal side effects that he or she finds effective, just because other users cannot keep their drugs secure and might allow them to get into the hands of people who want to use them for the wrong reasons? There is a middle way. Arthritis Care does not necessarily want co-proxamol to be made available as a front-line drug. It would like GPs to be given the chance to find another suitable drug. If they cannot, however, it would like them to be able to prescribe co-proxamol, perhaps having sat down with the patient and provided a demonstration, either written or otherwise, to ensure that they are aware of the risks inherent in the drug, and of the risks involved if the drug is misused or left lying around.

Perhaps we could also consider changing the packaging of the drug, as was done with paracetamol. Co-proxamol is packaged in strips of 10 at the moment, which constitutes an overdose, whereas eight would be a safe dose. Perhaps we could consider packaging it in strips of eight. I hope that the Minister will take those suggestions on board.

In the past couple of days, I have noticed a difference in approach. In response to a media request, the Medicines and Healthcare products Regulatory Agency has now said that

"prescribers will be able to continue to prescribe co-proxamol on their own responsibility if the clinical need is justified."

That is not what patients are being told, however. The least that the Minister could do tonight would be to clarify the situation with regard to the availability of co-proxamol. Is it to be withdrawn completely? Is it to be available only while stocks last? Or will it continue to be available under certain conditions? If it is to continue to be available, that information needs to be well publicised. Organisations such as Arthritis Care which have large numbers of members who use co-proxamol will be delighted to have the issue clarified. There is confusion at the moment, and a great deal of distress in the wider community, and I hope that the Minister will be able to give us some reassurance tonight.

6.53 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I congratulate my hon. Friend the Member for Aberdeen, South (Miss Begg) on securing this debate. This is an important issue, and her questions on health and health care issues are always thoughtful and thought-provoking. I acknowledge that the relationship between a GP and a patient in relation to pain management is a very personal one. Each individual needs to describe how pain is affecting them personally, and the response can change from one person to another. As my hon. Friend has rightly said, this is also a very complex issue.

My hon. Friend has brought to our attention the concerns of her constituent, Jonathan Russell, about the withdrawal of co-proxamol. The Department has received about 130 letters from Members of Parliament writing on behalf of their constituents about this issue. My hon. Friend also mentioned Arthritis Care, and I would like to acknowledge the good work that that organisation does to support those who suffer from arthritis. It provides an experienced and knowledgeable voice on the issue of patients' rights, and also works with health professionals. The decision to withdraw co-proxamol was not an easy one to make and followed an extensive risk-benefit assessment, a wide public consultation and advice from the Committee on Safety of Medicines. The Government's independent scientific advisory committee on medicine safety also contributed, as did other experts.

Co-proxamol is a combination of a weak opiate painkiller with a relatively low dose of paracetamol and has been available since 1965, before the current system of medicines regulation existed. As a long-established medicine, it has not been subjected to modern standards of clinical research—clinical trials then were often either poorly designed or of very short duration and on the whole did not produce definitive results. As such there is a lack of evidence that co-proxamol is more effective than full-dose paracetamol. Despite the lack of evidence, many prescribers considered it to be a useful alternative to non-steroidal anti-inflammatory drugs such as ibuprofen and more potent opiates in situations in which paracetamol alone is ineffective.

On the other hand, the dangers of a co-proxamol overdose, especially when taken with alcohol, are well established and, I am afraid, cannot be ignored. Co-proxamol is involved in 300 to 400 self-poisoning deaths each year, of which around a fifth are accidental. Many deaths involve people taking co-proxamol that has not been prescribed to them. Co-proxamol can be very toxic, and overdose can occur with only a few tablets more than the recommended daily dose. Toxicity from co-proxamol overdose is extremely rapid compared with that from other pain-relieving medicines, so, sadly, victims often die before they reach hospital. Unlike paracetamol, there is no effective antidote to co-proxamol poisoning. Importantly, paracetamol is considered to have a comparatively good safety profile—the onset of toxic effects is slow, allowing more time for effective treatment.

Advice from the CSM aimed at the reduction of co-proxamol toxicity and fatal overdose dates back as early as 1985. You can therefore see, Mr. Deputy Speaker, that the issue has been discussed for a considerable time. Sadly, this advice has not been effective in preventing the deaths that occur each year

following a co-proxamol overdose. The growing concern was prompted by recently published UK research using data from the Office for National Statistics showing that co-proxamol alone now accounts for almost one fifth of drug-related suicides and is second only to tricyclic antidepressants as an agent of fatal drug overdose. Concerns have also been raised by Sweden in the European Parliament.

In light of the lack of evidence that co-proxamol is any more effective than full- dose paracetamol in pain management, and its high toxicity in overdose, the expert advice of the Committee on Safety of Medicines was sought. During 2004, the CSM comprehensively reviewed all the available evidence regarding the risks and benefits of co-proxamol. A public call for evidence on the risks and benefits of co-proxamol was also conducted for 12 weeks in 2004. The Medicines and Healthcare products Regulatory Agency wrote directly to a large number of organisations representing healthcare professionals, patient groups and other stakeholders as well as publishing the request for information on the MHRA website. Comments from patients and members of the public, as well as health care professionals, were welcomed. The CSM reviewed all the responses to this call for evidence and also international evidence on the safety of co-proxamol. During this review, the CSM noted that previously strengthened warnings to doctors and patients on the hazards of co-proxamol have unfortunately proved ineffective.

After considering the wide range of available evidence and the options for action to reduce the risk of overdose—for example, prescriber and patient education, smaller packet sizes and restricted indications, as my hon. Friend outlined—the CSM determined that the risks of co-proxamol outweighed the benefits of allowing the medicine to remain on the market. Following advice from the CSM, the MHRA has therefore agreed with the manufacturers to withdraw co-proxamol over an extended period of time in order to allow long-term users an opportunity to adopt suitable alternative pain management strategies. The CSM advised that the withdrawal of co-proxamol should be phased over a period of up to 36 months, or to an earlier timetable to be agreed with manufacturers. Most manufacturers have indicated that they intend to withdraw the drug over a period of approximately six to 12 months. A few have indicated that they wish to phase the withdrawal until the end of 2007.

Over that period, we expect to see the prescribing of co-proxamol decline as patients are moved to suitable alternatives. To help doctors find the best options for individual patients, the MHRA has issued CSM pain management guidance. Available data on sales at wholesale level suggest that the sale of co-proxamol is slowing down steadily. There has been as much as a 10 per cent. month-on-month decline since June 2004, and total supply has more than halved in the six months since the announcement was made. An article in the May edition of *Pulse* was authored by a GP who has reduced the number of patients in his care on co-proxamol from 438 to 20. That demonstrates that good GP care and discussing the various issues with patients can effect a change to an alternative that works.

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

Caroline Flint: Sensitive discussion that takes into account all the options can effect a smooth transition to an alternative. However, the GP in question does acknowledge that, for a minority of his patients, other alternatives have not proved an option. However, a reduction from 438 to 20 is a significant one.

Miss Begg: To judge by what my hon. Friend said earlier, it appears that stocks will run out, so even for the minority who found co-proxamol the most effective remedy—they include my constituent—there will be an end date by which the drug will be completely off the market. Is that correct?

Caroline Flint: I will address that point shortly, as I want to clarify the situation for the minority of patients who have agreed with, in most cases, their GP that there is a clinical need to continue with the prescribing of co-proxamol.

Many local formularies, including in Northern Ireland, have already phased out co-proxamol altogether. It has been on the market for 40 years and it is clear that some patients have been established on this medicine for a long time, so I realise that the action that has been taken must be very distressing. The Department has received many letters from patients who are upset at its withdrawal. I have sympathy for them, but I am encouraged by the progress that has already been made in shifting to other forms of pain management. The decision to withdraw co-proxamol from the market has tested medicines regulation to the extreme. However, weighed against the difficulties caused to individual users is the clear public health gain in removing a medicine that has been widely implicated in accidental and non-accidental overdose.

At the end of the phased withdrawal, and following the cancellation or withdrawal of licences for existing products, provision will remain for the supply of unlicensed preparations. I understand that the drug will continue to be available on a named patient basis, and that the MHRA will communicate that fact clearly. Its doing so should deal with the question of supply, but I will check this point for my hon. Friend and I am happy to write to her about it.

Individual patient use of co-proxamol preparations could continue, with responsibility for such use falling primarily on the prescriber, who is usually the GP. In this way, where a clinical need exists and alternatives have proved unsuccessful, it will still be possible to prescribe co-proxamol, but in a more targeted way than in the past, and with a stronger focus on the risk-benefit judgment for the particular patient. I hope that that judgment will be reached through a strong relationship between patient and prescriber that establishes the patient's needs and their need to use this drug.

Miss Begg: In making a risk analysis and a public benefit analysis of the withdrawal of co-proxamol, will she also consider the following point, which she will probably be unable to deal with this evening? Those who previously used co-proxamol, and who were active and in work, might lose their job and be unable to work as a

[Miss Begg]

result of its withdrawal and their failing to find an equally effective alternative. My constituents' fear is that they will therefore be a burden on the state, instead of contributing to it.

Caroline Flint: It is important that all the alternatives are looked at. We need to ensure, in respect not just of co-proxamol but of other drugs, that GPs have the most up-to-date and most effective pain management care for their patients. Sometimes drugs become a matter of custom and practice, because it is the one thing that the general practitioner knows about, so he or she continues to prescribe it despite evidence that there are better alternatives. I understand what my hon. Friend is saying: I will reflect on what she said and write to her on that issue.

What I am saying this evening is that the primary issue is that we stand by the decisions made by the Committee on Safety of Medicines, while at the same time recognising that, for a minority who have gone through all the alternatives, there may be a clinical need to continue with the prescribing of co-proxamol.

Miss Begg: My hon. Friend is a Minister in the Department of Health, so the calculation may be done on health grounds, but there may be social costs to the withdrawal of the drug, which may not have been factored in with respect to the health costs of keeping the drug going. There could be costs to society if people fail to get an effective drug and co-proxamol is withdrawn.

Caroline Flint: I understand what my hon. Friend is saying. Yes, we have to weigh up all the different factors. However, the information that I provided earlier this evening about the impact of this particular drug on the number of people who die through either accidental or planned overdose is a very serious issue. I understand that all drugs have risks, but we face huge challenges that cannot be overcome through treatment if someone overdoses by accident. Some people, unfortunately, seek to commit suicide, but they may rethink that option if they have a chance of getting treatment—after being saved, as it were. That raises many questions about co-proxamol. From the evidence that I have seen, the option of having treatment, thereby saving life, is much reduced by the accidental or intentional use of this drug when it leads to an overdose. We have to take all those factors into consideration.

As I have already said, it is a complex issue that has focused the minds of many people in establishing what is the best thing to do. No one lightly takes removing a drug from the market when it has become part and parcel of how many people, whether they are in or out of work, cope with their daily lives. I referred earlier to an article in *Pulse*, which made it clear that GPs are engaging with patients in a sensitive way in planning the withdrawal of co-proxamol in favour of alternatives. The fact that there has been a decline, from 438 to 20, in the number of people who cannot deal with any alternative drug shows that progress can be made, although we must be mindful of the minority for whom alternative treatment may not be an option. There is a process that must be gone through but, as I said, GPs or prescribers retain the ability to prescribe co-proxamol.

I shall write to my hon. Friend about some of the issues that she has raised, and particularly about the question of stocks. Clearly, it is important to determine what the future holds for those people for whom co-proxamol is the only drug that can give them the relief that they need.

I welcome the opportunity to hold this debate. Sometimes, regulation must balance the preferences of the few with the needs of the many, but that is not to say that we do not take account of the individual requirements that my hon. Friend has expressed so ably. I hope that she and organisations such as Arthritis Care are reassured by my acceptance of the possibility that co-proxamol will continue to be prescribed where there is a clear clinical need because alternative treatments are unsuitable.

The Government are sensitive to the problem and accept that pain management is a complex matter. We expect health professionals to engage fully with patients on the range of drugs that are available to manage their pain, and we know that patients have considerable interest in complementary and alternative medicines for the management of pain.

The way forward is to ensure that the relationship between health professionals and patients is developed. It is not good enough for GPs or prescribers to sign off a patient on drugs for many years without any discussion of pain management. The relationship must be a progressive one: it may change with time, but both patient and prescriber must feel that they have attempted to make the best possible progress.

Question put and agreed to.

Adjourned accordingly at ten minutes past Seven o'clock.

House of Commons

Thursday 14 July 2005

The House met a half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Speaker's Statement

Mr. Speaker: The House will know that today at noon the nation will remember those who died in London in the terrorist attacks. I regard it as appropriate that we should join the nation in observing the two-minute silence when the House will be sitting, and I will interrupt business accordingly. I should be grateful if those responsible for chairing Committees would also make appropriate arrangements. Instructions will be issued to heads of departments so that those members of staff who wish to observe the two-minute silence should be enabled to do so. The House will also wish to know that I have received very many expressions of sympathy and condolence from the Speakers and the presiding officers of other Parliaments in all parts of the world. I will place these in the Library for the information of all Members.

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Dedicated Schools Grant

1. **Mr. Mark Harper** (Forest of Dean) (Con): If she will make a statement on the Government's plans for the dedicated schools grant. [11917]

The Secretary of State for Education and Skills (Ruth Kelly): Our detailed proposals for the new dedicated schools grant were set out in the consultation document published in February on the proposed new school funding arrangements to be introduced from April 2006. We expect to announce our final decisions on the new arrangements shortly in the light of responses to the consultation.

Mr. Harper: Gloucestershire spends more on schools than the Government formula suggests. Can the Secretary of State assure me that once the transitional period is over the plans will not reduce the amount of funding that would otherwise have gone to our schools?

Ruth Kelly: I congratulate the hon. Gentleman on championing the needs of schools in his constituency. It is right that schools in Gloucestershire as well as schools across the country continue to benefit from the substantial increases in funding from the Government. On the detail of the dedicated schools grant consultation, my right hon. Friend the Minister for Schools has consulted members of the F40 group, including Gloucestershire, and she will meet a delegation from the country to discuss that precise point.

Anne Snelgrove (South Swindon) (Lab): I thank the Secretary of State for that information. My schools welcome the three-year plans for budgets, particularly because in the past they have not received their annual budgets until July or August, which made budgeting extremely difficult. I spoke to the head teacher of Lethbridge primary school, Ray Norman, earlier this week—

Mr. Speaker: Order. May I ask the hon. Member to change her tack? Her question to the Minister must be brief, so I can allow only a very short question.

Anne Snelgrove: Thank you, Mr. Speaker, for your kindness.

Can the Secretary of State reassure Lethbridge primary school that its revenue budget will allow it to make provisions for two hours' physical exercise and all the other initiatives that the Department is asking for, as well as the incredible—*[Interruption.]* I beg your pardon, Mr. Speaker.

Ruth Kelly: I understand very well the points that my hon. Friend is making with such commitment. Schools need more funding, and they need to be able to introduce more school sports, particularly in the light of the recent announcement on the Olympic games. The dedicated schools grant will help all schools, because it allows them to plan with certainty on the basis of budgets that, for the first time, are set for three years. That stability is important for head teachers.

Damian Green (Ashford) (Con): The Secretary of State will be aware that it is not just Gloucestershire that is affected; schools in Kent are concerned about the new funding system, and they are particularly worried that it will not be able to cope with the extra costs of work force reform. What reassurance can she give schools in Kent that have made representations to her that work force reform will be properly covered by the new funding formula?

Ruth Kelly: I have received representations from Kent about the implementation of planning, preparation and assessment time, which will come into force through legislation this September. Teachers have called for such a provision, and it is right that we make funding available to allow schools to plan for the coming years with predictability and certainty. That is the key to the dedicated schools grant. It is the very first time that a Government have been able to respond directly to requests from head teachers so that they have the certainty to allow them to plan, including for PPA time.

Mr. Michael Foster (Worcester) (Lab): When my right hon. Friend makes changes to the dedicated school grant, may I urge her not to use the current area cost adjustment methodology? Not only is it deeply flawed, but it disadvantages every pupil in Worcestershire.

Ruth Kelly: I congratulate my hon. Friend on the work that he has done in pursuing the case of Worcestershire, along with others in the F40 group. *[Interruption.]* I can hear my right hon. Friend the Minister for Schools making known her views on the issue from a sedentary position. She is familiar with schools in Worcestershire and their funding needs. My hon. Friend the Member for Worcester (Mr. Foster) will have to be a little more patient until my right hon. Friend has the privilege of announcing the results of the consultation exercise. I hope my hon. Friend will not have to wait very long.

Careers Guidance

2. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What steps she is taking to improve the effectiveness of careers guidance and counselling. [11918]

The Minister for Children and Families (Beverley Hughes): We will set out our plans for improving information, advice and guidance for young people in the youth Green Paper, which will be published shortly.

Mr. Crabb: Is the Minister aware that despite the hard efforts of many careers advisers and other professionals, figures from her Department show that the number of 16-year-old males not in full-time education, employment or training has risen by a massive 68 per cent. since 1997, and that unemployment among 16 and 17-year-olds is at its highest since records began in 1992? I strongly urge the Minister to look again at the problem of youth inactivity and in so doing to utilise the skills and experience of organisations such as Fairbridge, Weston Spirit and the Prince's Trust, which have a far better track record in tackling social exclusion than her Department.

Beverley Hughes: As the hon. Gentleman knows, Connexions has met its target of returning to education, employment or training young people who were out of any of those three situations. There is a problem with statistics, in that the national statistics have been derived from different sets of data, and we are examining that. I believe the hon. Gentleman was quoting the national statistics. Connexions' statistics are derived from its own direct contact with young people and represent what it has achieved, but I accept that we need to make sure that the national data and Connexions data are aligned. That is a top priority for the Government and a key target that we are actively pursuing. We want every young person to be in education, employment or training, because that is how they will improve their life chances for the future.

Mr. Edward Davey (Kingston and Surbiton) (LD): If the youth Green Paper appears before the recess, I hope the Minister will apologise for the months of delay, which have destabilised and undermined everyone involved in careers guidance and youth work. I know that she will not want to pre-empt her plans for the careers guidance service, but can she at least tell us that those plans will have two principles at their heart: first, that they will apply to everybody, so that all our young people will get quality careers guidance, which has not been the experience under Connexions; and secondly, that they will enshrine the principle of independent careers advice, which is so important to ensure that young people get the full range of choices open to them?

Beverley Hughes: I understand the expectation and anticipation in the various sectors as regards the Green Paper, but I will not apologise to the hon. Gentleman for the delay. We had a general election and it was important that we got the recommendations right. There is a great deal riding on the proposals in the Green Paper, and if not for the events of last week, it would probably have been published by now. I hope that nothing will come in the way of publication very shortly. The principles that the hon. Gentleman outlined are important to us. It is important that young people get impartial advice, that they can relate that advice to their experience in schools, that schools have some accountability for the advice, that it is as expert as possible, and that it is informed by the views and experience of employers. We have tried to bring all that into the recommendations that we will shortly produce.

Mr. David Evennett (Bexleyheath and Crayford) (Con): When the Minister produces her plans later in the year, may I urge her to involve business more in careers guidance, and also to consider students with higher academic achievement? Connexions seems to have done a good job in some areas for those who are less academic, but not such a good job for those with higher academic achievement.

Beverley Hughes: I agree on the point about business. We want to ensure that that is built into the system. I know that employers and the CBI feel strongly about that, as do we. Young people should get a range of advice about all the academic, vocational and careers opportunities at an early stage, so that that can inform their curriculum choices. We are trying to achieve that. On Connexions more generally, it has done well with children with additional needs. That is undisputed. There are Connexions services that provide good information and advice, although I accept that the Ofsted picture is more variable on that front. We are trying to ensure that we build on the best of Connexions in what we produce.

Union Learning Fund

3. **Gwyn Prosser** (Dover) (Lab): What assessment she has made of the work of the union learning fund in assisting women to improve basic skills. [11919]

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): The union learning fund is a major success story. It has helped to train nearly 12,000 union learning representatives in more 3,000 workplaces, and it has brought more than 167,000 workers back into learning. The scheme increasingly engages women workers and helps them to improve their basic skills.

Gwyn Prosser: My hon. Friend shares my enthusiasm for the union learning fund's excellent work with non-traditional learners all over the country. Will he pay special tribute to the work of the GMB union, which is doing a grand job in the southern region training care

workers from basic skills to NVQ2? What is he doing to ensure that the union learning fund provides equal opportunities for women, and what would be the impact of scrapping the whole scheme, which is the Conservative party's plan?

Phil Hope: I know the importance of the union learning fund, because, when I visited a factory in Leeds called Pittards a few weeks ago, I was deeply impressed by the way in which union learning representatives were involving shop-floor workers, many of whom had not engaged with learning since they left school 20 or 30 years ago. I pay tribute to the GMB, which is one of the unions that has been involved for many years in training social care workers through the union learning fund. The scheme is being extended to those industries with a higher proportion of women workers, such as social care and retail. I must tell my hon. Friend that 80 per cent. of the workers involved in the learning opportunities at the Transport and General Workers Union Leeds learning exchange are female, and that some 75 per cent. of the skills for life learners at the three Union of Shop, Distributive and Allied Workers centres in Greater Manchester are women.

Mr. Brian Jenkins (Tamworth) (Lab): Will the Minister join the 192 hon. Members who have signed early-day motion 195, which asks the Government to examine putting learning in the workplace on a more formal basis and to encourage those employers who do not currently engage with learning in the workplace to do so?

Phil Hope: Yes; I welcome the 192 signatures to the early-day motion in support of the union learning fund. Indeed, some Opposition Front Benchers have broken ranks with the Tory's policy of abolishing the union learning fund to support that EDM, and I am delighted that they have done so. Some unions and employers include training and skills in collective bargaining agreements, and the Department of Trade and Industry is currently reviewing the statutory basis for that practice. I remind hon. Members that we have already introduced a statutory right to time off with pay for union learning representatives to carry out their duties. It is a shame that the Conservative party has pledged to abolish the union learning fund, because at least 15 Conservative Members would clearly benefit from the leadership training courses.

Primary Schools

4. **Paddy Tipping** (Sherwood) (Lab): What the spending per primary school pupil was in (a) Nottinghamshire and (b) England in 2004–05. [11920]

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): In 2004–05, the total revenue funding per pupil made available to support primary age pupils in Nottinghamshire through general funding and specific grant was £3,210, compared with £3,560 for England.

Paddy Tipping: Spending on primary schools in Nottinghamshire has doubled under this Government, but the figures show that Nottinghamshire is seriously disadvantaged against the national norm—out of 150 local authorities, it is the 129th worst funded. A new funding formula is being put together, so what hope is there for children in Nottinghamshire of a better, fairer and more equitable system from 1 April next year?

Maria Eagle: My hon. Friend will have heard the exchange between my right hon. Friend the Secretary of State and various hon. Members on Question 1. He also knows that my right hon. Friend the Minister for Schools recently met representatives from 40 authorities, including his own, as part of the consultation on new funding arrangements for schools. The consultation has finished, and a decision will be made shortly.

Mr. Patrick McLoughlin (West Derbyshire) (Con): What justification can there be for counties in the same region getting different sorts of funding for primary education?

Maria Eagle: The hon. Gentleman will be aware that all local education authorities receive the same basic per-pupil funding entitlement according to the age of the pupils. Differences in funding occur between LEAs, so there is top-up funding that recognises the incidence of factors such as additional education needs, deprivation, sparsity where there is rurality, and problems in recruiting and retaining staff. That explains the differences between LEAs that seem on the face of it to be similar.

Mr. David Kidney (Stafford) (Lab): On the additional money for the deprivation factor, does my hon. Friend acknowledge that under the current system the target of paying extra money for deprivation is missed in the case of up to as many as 45 per cent. of children who come from deprived backgrounds? Does she further acknowledge that new evidence submitted by F40—the fair education funding forum—in response to the recent consultation showed how every school could get precisely the correct amount of money for all the children who come to their school from deprived backgrounds?

Maria Eagle: My hon. Friend has been very active in F40, which he chairs, and has demonstrated a full knowledge of the issues. He and others from his group have met my right hon. Friend the Minister for Schools to explain in full their ideas about how the formula might be altered, and I am sure that my right hon. Friend will have taken those representations fully into account. When the decisions are announced my hon. Friend will find out, along with everyone else, what impact he has had.

Dr. Nick Palmer (Broxtowe) (Lab): In Nottinghamshire, as my hon. Friend the Member for Sherwood (Paddy Tipping) knows, we have traditionally topped up Government funding to ensure the best possible deal for our pupils. We are concerned that, under the new arrangements, that will count against Nottinghamshire in future. Will the Minister look particularly at that point before the new arrangements are finalised?

Maria Eagle: Yes.

School Expansion

6. **Mr. Rob Wilson** (Reading, East) (Con): If she will make a statement on her policy on allowing good schools to expand. [11922]

The Minister for Schools (Jacqui Smith): We strongly support the expansion of successful and popular schools where they believe that they can sustain high quality for their students. We have therefore provided that all schools may publish their own proposals to expand, and introduced a presumption that proposals by successful and popular schools should be approved by the local school organisation committee and the schools adjudicator. That will enable more parents to gain a place for their child at the school of their choice.

Mr. Wilson: Is the Minister aware of the inept decision of Reading local education authority not to allow Emmer Green primary school in my constituency to take 25 additional children despite the support of teachers, governors and parents? That has led to a chain of events unfolding whereby this week the LEA spent tens of thousands of pounds on going to a judicial review challenging the rights of local parents to send their child to a local school. Does the Minister think that that requires her Department's intervention?

Jacqui Smith: I understand the hon. Gentleman's concerns about the position at Emmer Green primary school. I am sure that he understands, however, that in order to maintain the considerable progress that we have made on reducing class sizes in primary schools, there will sometimes be occasions where it is not possible for all parents to get a primary school place. That is part of the background to the issues that the hon. Gentleman mentions. Of course, it is also important that local authorities carry out their responsibilities in respect of planned school places. It is right that that happens at a local level and takes parents' concerns into consideration. Reading recently produced its school organisation plan for 2005–10 spelling out its plans for how it can ensure that more parents are able to get places in the schools that they want. I am sure that the hon. Gentleman will be engaged in discussions about that with other partners in the area.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that our priority should be making all schools good schools? Is it not about time that the Government addressed the fact that the vocational menu is not right for some children, who need a mix of both vocational and academic subjects? The chief inspector of schools says that A-levels will not be around in 10 years, as does the head of the Qualifications and Curriculum Authority. Something is going on and we should be doing something about it.

Jacqui Smith: I strongly agree with my hon. Friend's first point about the need to ensure that all schools are good schools. I know that he shares our appreciation of teachers' work in improving standards in the past seven or eight years so that there are fewer failing schools and more successful schools from which parents can choose. He also makes an important point about the progress that we need to make in ensuring that options are open, especially for older students, from the age of 14, to pursue an academic route or a vocational route and for there to be equal esteem. We have made considerable progress on increasing flexibility, for example, in key stage 4. However, as my right hon. Friend the Secretary of State made clear in the 14 to 19 White Paper, there is much more that we can do and we are moving quickly towards ensuring that that progress continues.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Does the Minister know about Walton high school, which the Prime Minister visited recently, in Milton Keynes? It wants to expand but cannot currently expand its sixth form. The strip of land required was originally valued at £12,000 and was a reserve site. However, English Partnerships has recently revalued it at £234,000. Although the Minister cannot comment on that individual case, will she look into the matter? Does she believe that it is right that unaccountable and unelected Government quangos should be able to hold schools to ransom in that way?

Jacqui Smith: The hon. Gentleman is right: that does not fall within my area of responsibility. If he wants to send me further details, I shall consider them. However, I am sure that he knows that all Government agencies have a responsibility to ensure value for money for the assets that they own. That does not undermine our concern to ensure that, whether we are considering the development of new sixth forms or the expansion of popular and successful schools, we do even more than we have been able to achieve up to now by, for example, changing from 1 August the regulations on the speed and ease with which it is possible to make applications to expand schools. That should ensure that such expansion happens more often.

Mr. Kevan Jones (North Durham) (Lab): I accept the Minister's point that it may be right in some circumstances to allow some schools to expand. However, does she agree that the free-for-all policy that some advocated during the election campaign, whereby schools anywhere could expand, would lead not only to chaos locally but to an inefficient use of resources?

Jacqui Smith: My hon. Friend is right that we need to ensure the expansion of popular and successful schools to meet parents' needs in a way that recognises the financial position and the requirements of all parents in an area. He makes a good point, which the Conservative party, in its rush to slogans rather than solutions, missed during the election campaign. I hope that Conservative Members will not continue to miss it. Another important factor is that, to enable the expansion, we need investment, especially in capital. Too often, Conservative Members have voted against the additional resources that we are investing in schools, which enable the expansion of successful schools and the renovation and rebuilding of existing schools.

Mr. Mark Hoban (Fareham) (Con): I am delighted that the Minister agrees that we should support the expansion of popular and successful schools—it is right to do that. She will therefore share my disappointment that, in the past year, the Government have backed the expansion of only two schools, increasing places by

only 379 when there are more than 50,000 appeals from parents whose children do not get into their first choice of school. Is not it time to make the process easier? The Minister referred to the changes that the Government announced last week. Although they will make the process quicker, they will not make it easier. Is not it time that popular and successful schools can expand and that the expansion is not blocked by unpopular schools or LEAs?

Jacqui Smith: Since we changed the policy in 2003 to enable the expansion of popular and successful applications, we have received 20 applications and approved seven. Eight are still being considered and £3.1 million of investment has been put in. However, the hon. Gentleman is right: we want to ensure that the process is quicker and easier. That is why we are changing the regulations from 1 August and are willing to put in the capital to make it happen.

Key Stage Literacy Standards

7. **Mrs. Janet Dean** (Burton) (Lab): What progress has been made since 1997 on literacy standards at key stages 1 and 2. [11923]

The Minister for Schools (Jacqui Smith): Literacy standards in primary schools have increased dramatically since 1997. In 2004, 78 per cent. of 11-year-olds achieved the target level 4 of the national curriculum in English, an increase of 15 percentage points compared with 1997. At key stage 1, 85 per cent. of seven-year-olds achieved the target level 2 of the national curriculum in reading, and 82 per cent. achieved level 2 in writing, compared with 80 per cent. in 1997.

Mrs. Dean: I thank my right hon. Friend for that reply. As we approach the end of the school year, I should like to pay tribute to all our teachers for the hard work that they are undertaking to achieve those results. [HON. MEMBERS: "Hear, hear!"] Will my right hon. Friend tell me how our literacy standards compare with those of other countries?

Jacqui Smith: First, I completely agree with the emphasis that my hon. Friend places on the efforts of teachers to bring about these improvements. She is absolutely right to commend their efforts. She also raises the important question of how we compare internationally. Increasingly, in this globally competitive world, the ability of our young people to acquire literacy and numeracy skills is crucial. I am sure that my hon. Friend will therefore be pleased to learn that in a recent Progress in International Reading Literacy study in 2003, England's 10-year-olds achieved the third highest score out of the 35 countries surveyed. That is a credit to those children, their parents and their teachers.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The figures that the right hon. Lady has cited have actually plateaued at 78 per cent. for at least five consecutive years, so it is clear that more needs to be done. That is why we very much welcome the Government's decision to hold a review into the use of synthetic phonics in the teaching of reading. That will go a long way towards raising reading standards among the one in five 11-year-olds who are failing to reach the required standard. Will the right hon. Lady assure the House that, if Jim Rose finds in favour of synthetic phonics, the national literacy strategy will be amended to recommend pure synthetic phonics in the first 16 weeks of formal schooling, and the teacher training colleges will be asked to train teachers in the necessary techniques?

Jacqui Smith: I thank the hon. Gentleman for welcoming the review that we have set up under the leadership of Jim Rose, the former director of inspection at Ofsted. We have achieved these successes in literacy not least because we have been willing to consider evidence as the basis for the national literacy strategy. This is a continuation of our willingness to do that. We have asked Jim Rose to look at the evidence to determine what works, particularly in early years learning in relation to literacy, and to consider the emphasis on synthetic phonics. It is worth placing on record that, before the national literacy strategy, there was no approach to synthetic phonics in this country. The strategy introduced the requirement for the use of synthetic phonics every day for children between the ages of four and six, and that requirement continues. Of course we shall want to look very carefully at what Jim Rose, and those who support, advise and work with him, have to say about this issue, and we shall use their findings as part of our review of the literacy guidance that we offer to teachers as part of the primary strategy, in order to ensure that we continue the considerable progress that we have made in literacy since 1997.

Dyslexia

8. **Mr. Iain Wright** (Hartlepool) (Lab): What progress is being made on measures to help children with dyslexia. [11924]

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): The Department works closely with the British Dyslexia Association and the Dyslexia Institute to help children with dyslexia. A range of materials have been produced by the primary and secondary national strategies with the aim of raising standards in English schools. The most recent is a CD-ROM entitled "Learning and teaching for dyslexic children". This helps schools to increase awareness of dyslexia and to develop approaches to enable learners with dyslexia to succeed.

Mr. Wright: I thank the Minister for her reply. She will be pleased to hear that another Sure Start centre is about to open in my constituency. That is another great example of the Government giving children the best possible start in life. However, one of the gaps in Sure Start's work is the inadequacy of provision for identifying dyslexia in very young children. What additional work will the Minister undertake to ensure that very young children with dyslexia are identified at the earliest possible age, and that suitable training, teaching and resources are provided to ensure that they fulfil their potential?

Maria Eagle: My hon. Friend raises an important point. I am glad that another Sure Start is to open in his constituency, because the facilities that it offers can certainly help to identify such issues. It is quite difficult to identify dyslexia in very young children until they begin to develop their literacy skills. Signs of language delay, for example, can be an indicator, but only when specific difficulties in reading, spelling, written language and so on start to show can diagnosis easily be made. The resources to which I have referred will help school staff and those working with children to increase their awareness and understanding of the barriers to learning presented by dyslexia, the behaviour to which it gives rise and teaching strategies to overcome them. The focus on this issue in the special educational needs code of practice will therefore ensure earlier diagnosis and better strategies to cope with the consequences.

Mr. James Gray (North Wiltshire) (Con): Will the Minister agree that there is an important role to be played by private independent schools specialising in correcting dyslexia, of which there are currently eight across England, one of which is at Thickwood in my constituency? Their main clients, of course, are the local education authorities. Does she agree that it is important that we should encourage local education authorities to make use of the outstanding facilities available in those special schools?

Maria Eagle: The hon. Gentleman makes an important point. Dyslexia is a spectrum disorder—it does not present in the same way in every individual, and people are affected in different ways. Of the 82,000 or so children who fall into the category and are identified, more than 99 per cent. are in mainstream education. It is therefore tremendously important that our mainstream schools understand the needs of learners with dyslexia. That is not to say that special school provision does not have a role to play for some pupils—there are some 700 children in special schools whose main disabling condition is dyslexia. Given the fact that it is a spectrum disorder, it is important that the provision can cope with both ends of that spectrum. I am sure that the school in his constituency, and the others to which he refers, have an important role to play.

Mr. Jim Cunningham (Coventry, South) (Lab): Is my hon. Friend satisfied with the proposals to close several special needs schools in Coventry? It seems to me that Coventry's education system has been subject to perpetual reorganisation for the past 25 years.

Maria Eagle: My hon. Friend will be aware of the fact that following the School Standards and Framework Act 1998, schools reorganisation is no longer a matter for Ministers but for local authorities through school organisation committees. I am sure, however, that he, parents and those in Coventry who are concerned about any such proposals will make the necessary points to those who make these decisions, and that the proposals can be changed to ones that are believed to be more suitable. That is a matter for local decision.

Mr. David Cameron (Witney) (Con): Is the Minister aware of the research that shows that some 20 per cent of pupils in independent schools are identified as having dyslexia, whereas the figure for state schools is just 2 per cent? How does she explain that discrepancy?

Maria Eagle: I am not able to explain that discrepancy. I would be happy to examine the research to which the hon. Gentleman refers, and to return to him on that. As I have said, there are some 82,000 children whose main disabling condition has been identified as specific learning difficulties that include dyslexia. As we have already established, dyslexia is not always easy to diagnose and is a spectrum disorder, so one cannot say unequivocally where a particular individual is on the spectrum.

Mr. Cameron: While dyslexia is difficult to diagnose, will the Minister consider the simple tests being used in one secondary school in Banbury to identify it? Does she agree that alongside synthetic phonics, simple testing for dyslexia and remedial teaching are essential if we are to deal with literacy problems? If one cannot read, one cannot learn, and should not that be a higher priority for the Government?

Maria Eagle: It is a high priority for the Government. The hon. Gentleman is absolutely right that diagnosis is the key to remedial activity, and the earlier the diagnosis the better. I have made the point, however, that it is difficult to diagnose dyslexia in very young children, partly because of the way in which it presents itself and because it is a spectrum disorder. I would be happy to return to him, however, in respect of the points that he has raised.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): In Sheffield we have developed interventions for children with special educational needs, particularly those with literacy difficulties, as part of the city's primary inclusion strategy. The work has been showcased for the Department. Does the Minister think that local authority initiatives can sometimes be adopted usefully at national level?

Maria Eagle: I congratulate my hon. Friend's local authority. I am certain that local initiatives have a great deal to teach in this regard outside their own area, and that many authorities will be willing to learn from that one. Certainly the Department is.

Adult Education (Lancashire)

9. **Mr. David S. Borrow** (South Ribble) (Lab): What recent representations she has received on the provision of adult education by further education colleges in Lancashire. [11925]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): My ministerial colleagues and I meet and correspond regularly with a range of partners across the further education sector, including individual colleges, on both a national and a local basis. That includes Lancashire.

Mr. Borrow: There are problems in Lancashire with the provision of further and adult education. Although there has been a big increase in further education

funding in recent years, including the current year, the formula for determining the amount spent on adult education has caused funds to be cut this year. Will my hon. Friend examine the impact of that on Lancashire, and think about ways to improve the position? Does he agree that adult education is crucial, and a major part of further education?

Bill Rammell: I know that my hon. Friend takes a genuine interest in further education in his constituency, but I think it important to address the facts. This year Runshaw college, one of the main colleges that concern him, has received an overall 6 per cent. increase. That mirrors the national pattern: seven out of 10 colleges have received above-inflation increases.

What is rightly taking place, however, is the implementation of the Government's skills strategy, which received widespread support on both sides of the House when it was launched. Within a budget that has increased overall, we are prioritising the needs of 16 to 18-year-olds achieving level 2 qualifications in adult basic skills. Inevitably, that puts pressure on adult leisure and recreation courses. I am not saying that such provision should end; I am saying that if employers and individuals value it, we should look at the fees-charging strategy. Even the current average, £1.42 per hour, represents very good value for money.

Helen Jones (Warrington, North) (Lab): When my hon. Friend considers the representations he has received from Lancashire and elsewhere, will he bear in mind that while the Government's basic skills strategy is very important, many people return to education through courses that do not result in certification? Success in those courses leads them to take other courses elsewhere. Will my hon. Friend think carefully about the squeeze on such courses? They help many people back into lifelong learning.

Bill Rammell: I take my hon. Friend's point. The Under-Secretary of State for Education and Skills, my hon. Friend the Member for Corby (Phil Hope), and I have had several discussions with FE colleges about it. I have told them to ensure that they map such provision carefully in the context of the national framework. When they do so, more often than not they find that the courses are provided for. We must also ensure that the current strategy, which I believe is right, does not have unintended consequences, and we will keep that under review.

Education and Skills White Paper (14 to 19)

10. **Mr. Andrew Pelling** (Croydon, Central) (Con): What representations she has received on the Government's 14-to-19 Education and Skills White Paper. [11926]

The Secretary of State for Education and Skills (Ruth Kelly): My Department has received a number of letters from individuals and organisations following publication of the White Paper. My ministerial colleagues and I continue to discuss the 14-to-19 agenda at a range of meetings and events involving external partners. I am establishing an external advisory group and a 14-to-19 stakeholder group to identify and test ideas, and to provide first-hand experience on delivery in the field.

Mr. Pelling: Has the Secretary of State received any representations from the Qualifications and Curriculum Authority, whose chief executive said that the Government's proposals meant that A-levels were out of the door? Does she agree with that? If not, how does she think that the misapprehension arose?

Ruth Kelly: We have regular dialogues with the QCA about our reforms. The hon. Gentleman ought to read the speeches made by Ken Boston, head of the QCA, rather than reading misrepresentations of what he might say in the newspaper. I have had the benefit of reading his lecture, in which he said:

> "This week I read with surprise that today I will say that A-levels are certain to disappear within the next decade. What is far more certain 10 years from now is that if we haven't by then succeeded in establishing the diplomas as the mainstream qualification, having status and values at least equivalent to A-levels in the eyes of employers, higher education, learners, parents and the community, we will have failed a generation."

I completely agree.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Does my right hon. Friend accept that many schools and colleges, such at the excellent new college in my constituency, are already embracing key features of the 14-to-19 White Paper? Will support continue to be given to the expansion of vocational education, particularly in order to raise its status in the eyes of young people and their parents?

Ruth Kelly: Yes, I completely agree. The historical weakness in our education system is that we have never truly valued vocational education or provided real opportunities for young people to mix academic and vocational learning. We have to provide our young people with the opportunity to do hands-on practical subjects—such as cookery, hairdressing and engineering—that they can learn in a real setting, and which are taught by people who understand them and can teach them properly. If we succeed in providing high-quality, high-status courses, we will have transformed the life chances of a generation of young people.

Miss Julie Kirkbride (Bromsgrove) (Con): In announcing the White Paper, the Secretary of State rightly said that she wants to introduce more stretch into GCSEs and A-levels, not least to allow universities to differentiate between student admissions. She also said then that she will publish the actual mark received by students, which is a very good first step. However, have the representations that she has received suggested anything else that she might like to introduce to promote further stretch in the GCSE and A-level system?

Ruth Kelly: We are taking many actions to make sure, for example, that English and maths GCSEs are made tougher. We are ensuring that functional skills are separated out in both subjects, and that it is impossible for people to get a higher grade in either subject without first having proven that they are capable of passing the

functional skills test, and that they have real literacy and numeracy. As the hon. Lady points out, we have received representations about A-levels. She is also right in pointing out that we want to introduce more challenge and stretch into the system, and to make the unit grades available to universities that need them, in order to differentiate between students. We are also introducing an advance extension award paper that students can choose to sit, in addition to their A-levels, to demonstrate their ability in a particular subject. That, too, will be available to universities. Moreover, we are piloting an extended project that will allow students to demonstrate over a prolonged period real scholarship and independent research, and to produce a separate piece of work that could also be made available to the university sector. If we do all those things, we will have a system that really does cater for the extremely bright, who will then be able to demonstrate that fact to employers and to the higher education sector.

Sixth-form Colleges

12. **Kelvin Hopkins** (Luton, North) (Lab): If she will ensure that successful sixth-form colleges are not closed. [11928]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): The Secretary of State considers proposed changes to 16-to-19 provision, including to sixth-form colleges, in the light of the needs and interests of young people in a given area. There may be instances where local plans include the closure of a sixth-form college as part of a reorganisation that is intended better to meet the needs of local learners. Individual cases are decided by the Secretary of State on their merit.

Kelvin Hopkins: I thank my hon. Friend for his answer, but I am not fully reassured about the future of sixth-form colleges. I should declare an interest, in that I am vice-chair of the governors of Luton Sixth Form college. As he will know, it recently received a grade 1 rating following its inspection, and it has beacon status. Permitting feeder schools to establish sixth forms will completely undermine entrance to sixth-form colleges, and their future could be in doubt. Such colleges are among the best institutions in our education system, and I hope that my hon. Friend can reassure me that they are guaranteed a future, and that we will have more of them, rather than less.

Bill Rammell: I certainly think that sixth-form colleges can contribute to raising standards in the locality. I am aware of my hon. Friend's concerns; indeed, he has written to Ministers about this issue. The reality is that the area-wide Ofsted inspection of 16-to-19 provision in the Luton area concluded that it was poor, and I welcome the fact that Luton colleges and schools are now working together to respond to that. However, I am not aware of any proposals to close a college within Luton as part of that process. Should any such proposals be submitted, they would be looked at on their merits. However, it is right for us to look towards the expansion of sixth forms within 11-to-16 schools, particularly where it can increase choice and drive up standards. Further to our commitment given during the general election, we will shortly be producing guidelines setting out how best to achieve that.

David Lepper (Brighton, Pavilion) (Lab/Co-op): To support successful sixth-form colleges such as Varndean and Brighton, Hove and Sussex sixth-form colleges in the city of Brighton and Hove, will the Minister undertake to look again at the inequalities in funding between sixth-form colleges and school sixth forms? Will he also consider, in particular, liability for VAT on the part of sixth-form colleges and capital allowances for the development of extensions?

Bill Rammell: I thank my hon. Friend for that question. I accept that there is a funding gap between schools and colleges and I have to admit that that is a direct result of the Government's extra investment in schools—and I am not going to apologise for that. In 2002–03, we estimated the funding gap at 10.5 per cent. Since then, we have brought up the overall funding levels for sixth-form colleges and further education colleges, which has resulted in that gap shrinking significantly. We want to make further progress, but we can do so only if the resources are available.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Parental Bindovers

21. **Mr. Philip Hollobone** (Kettering) (Con): Pursuant to the answer of 4 July, *Official Report*, columns 13–14W, on parental responsibility, how many parental bindovers have been imposed on the parents of young people who have been convicted of an offence in each of the last 10 years. [11937]

The Solicitor-General (Mr. Mike O'Brien): The figures for the year 2004–05 are not yet available. However, in the 10 years up to 2003, 29,526 parental bindovers were issued against 26,568 persons.

Mr. Hollobone: I thank the Solicitor-General for that answer, but is he aware that the vast majority of residents in the Kettering constituency believe that parents should be held far more readily to account for the behaviour of their children? Given that he admitted in a written answer that he had not had any "formal discussions" with the Director of Public Prosecutions about parental responsibility, will he now undertake to meet both the Home Secretary and the DPP to develop proposals to establish effective mechanisms as soon as possible?

The Solicitor-General: We have put in place what we believe are effective mechanisms to deal with the issue of parental responsibility. We also believe that parents need to take responsibility for antisocial behaviour committed by their children. That is why we have introduced parenting contracts, parental responsibility orders, parenting orders, acceptable behaviour contracts and why we have recently strengthened legislation in that respect. Indeed, the necessary

legislation is already in place: the hon. Gentleman's concern about parental bindovers, which he raised in the question, relates to legislation passed by the Conservative Government in 1991.

Mr. Dominic Grieve (Beaconsfield) (Con): Can the Solicitor-General help the House about the guidelines in respect of when such bindovers are appropriate? He will be aware that one of the problems confronting a court is deciding whether blame can be attached to the parents or whether the child is completely out of control, making the imposition of a bindover unfair. Sometimes it is felt that much greater parental involvement might help alleviate the problem. I would suggest to the Solicitor-General that the general public are rather unaware of what the criteria are, so will he help us on that and, if there are guidelines, make them available to the House?

The Solicitor-General: I certainly undertake to look further into that matter and to make any guidelines available. In the end, it has to be a matter for the courts and it is for them to decide whether they believe in a set of particular circumstances that parents have failed to exercise the degree of control that we in the House and members of the public quite properly expect them to exercise over their children. Sometimes children get out of hand, but the parents are doing their best and the courts acknowledge it. In those circumstances, it would be inappropriate to oblige them to undertake a course through a parenting order. However, it is clear that other parents allow their children to be out very late, in inappropriate circumstances. In such cases, the courts have discretion to implement a parenting order, or whatever other order that may be deemed appropriate.

To some extent, courts should have a certain amount of discretion when it comes to these matters. We must ensure that they are aware that they must make a judgement based on the facts before them.

Lenient Sentences (Appeal Rights)

22. **Mr. Andrew Turner** (Isle of Wight) (Con): What steps he has taken to publicise the rights of victims of crime to appeal against lenient sentences. [11938]

The Solicitor-General: The Crown Prosecution Service requires advocates who know of a complaint about a sentence to inform victims of their right to refer sentences to the Attorney-General. If the CPS decides not to refer a case, it is required by guidance to notify victims without delay, so that they have the opportunity to complain direct to the Law Officers.

Mr. Turner: I thank the Solicitor-General for that answer. It bears a striking similarity to the one that I was given on 1 May 2002, which can be found at column 822 in the relevant edition of the *Official Report*. However, his predecessor told me:

"We need to ensure that Members"—

she meant hon. Members—

"and victims know that the right is there"—[*Official Report*, 4 July 2002; Vol. 388, c. 391.]

That right was the right to complain, and I quoted the right hon. and learned Lady's reply again on 9 January 2003, at column 315 of the *Official Report* for that date. I hope that the hon. and learned Gentleman will look at that extract. Most ordinary people do not read the Home Office's publications or look at its website. What steps is he taking to ensure that people know that they have the right to complain as soon as a sentence is passed?

The Solicitor-General: The hon. Gentleman raises an issue that needs to be brought to the attention of the CPS, and I shall ensure that its staff are aware of the importance that this House attaches to this matter. The CPS must carry out its obligations to inform victims, their families and, where appropriate, witnesses about the various rights that they have. It is not the Law Officers' role to publicise those rights. That is best done by the CPS, which ought to be close to the court proceeding and able to inform witnesses, and victims in particular, of their rights to refer matters. Subsequently, the CPS is under an obligation to inform victims, in writing, that they have the right to refer a matter direct to the Attorney-General. These are important issues, and I welcome the interest that the hon. Gentleman takes in them.

Vera Baird (Redcar) (Lab): The CPS has the primary responsibility for referring unduly lenient sentences, but I am a little concerned that it does so only patchily. A constituent of mine, Mr. Taylor, was knocked over and kicked in the head. He was saved from worse injury being inflicted by two young men who had received very nominal sentences for previous convictions for violence. I have much respect for my local senior Crown prosecutor, but it did not appear that that case would be taken on until I had written about it. Are systematic procedures in place to ensure that each sentence is reviewed as soon as it is given out, and that the possibility of review is always at the forefront of the mind of those who work for the CPS?

The Solicitor-General: I hesitate slightly before I answer, as the last time that I responded to Solicitor-General's questions—the first time that I had done so, in fact—I had to apologise to the House for the CPS' failure to refer what had happened in a homicide case to a victim's family. The CPS does not always carry out its duty as efficiently as we would prefer, but the procedures exist and are implemented in the vast majority of cases. The CPS' obligations are much more at the forefront of its staff's minds than they ever have been in the past. There has been a remarkable transformation in the CPS, which now acknowledges its responsibility to do justice and to ensure, along with the police, that victims and their families, and witnesses, are informed of what is happening in court cases. Things are changing, and I hope that the local CPS of my hon. and learned Friend the Member for Redcar (Vera Baird) will be at the forefront of that change.

Mr. David Heath (Somerton and Frome) (LD): Considerable publicity was given to the fact that part 10 of the Criminal Justice Act 2003 allows retrials in serious cases where compelling new evidence emerges following acquittal. On how many occasions has the Director of Public Prosecutions given consent for an application for retrial on that basis and how many cases are under consideration?

The Solicitor-General: As the hon. Gentleman did not give me any advance notice that he sought such very

direct statistics, I will have to write to him with those precise figures. I am sure that they will change from time to time. However, these are important matters, and I will ensure that he gets the precise statistics that he wants.

Police Records

24. **Tony Lloyd** (Manchester, Central) (Lab): Under what circumstances the Crown Prosecution Service may examine police records of a witness called by the defence. [11940]

The Solicitor-General: The Crown Prosecution Service can examine the previous convictions and cautions of any witness, including defence witnesses. At court, the CPS can provide evidence of the bad character of a witness if certain conditions are satisfied.

Tony Lloyd: I concede that it is obviously in the public interest that, on occasion, the past record of the witness should become a matter of record for the court, but what controls are in place to prevent that option from being abused? In particular, when the charge levelled directly involves the police, possibly as victims, where both the defence and prosecution have a motive to look at a witness more cautiously, is there any proper and adequate control to ensure that such checks of criminal records are not abused?

The Solicitor-General: I hope that there are sufficient protections. The Criminal Justice Act 2003, which applies after 15 December last year, imposes enhanced relevancy tests for submitting evidence that relates to the character of certain individuals. There are three grounds on which evidence of bad character can be admitted: first, if important explanatory material is involved and the court consents to its being admitted; secondly, if its use helps to prove important material issues and, again, the court consents; and, thirdly if the defence and prosecution agree that such material should be put before the court. Significant safeguards therefore exist, but if my hon. Friend is concerned about a certain case, I will happily discuss it with him.

Business of the House

11.32 am

Chris Grayling (Epsom and Ewell) (Con): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Mr. Geoffrey Hoon): The business for next week will be as follows:

MONDAY 18 JULY—Second Reading of the Crossrail Bill.

TUESDAY 19 JULY—Second Reading of the London Olympics Bill.

WEDNESDAY 20 JULY—Motion to approve the draft Council Tax Limitation (England) (Maximum Amounts) Order 2005, followed by remaining stages of The Regulation of Financial Services (Land Transactions) Bill.

THURSDAY 21 JULY—Motion on the summer recess on the Adjournment.

FRIDAY 22 JULY—The House will not be sitting.

The House will not sit again until Monday 10 October, and the provisional business for that week, following the summer recess will be:

MONDAY 10 OCTOBER—Remaining stages of the Civil Aviation Bill.

TUESDAY 11 OCTOBER—Remaining stages of the Natural Environment and Rural Communities Bill.

WEDNESDAY 12 OCTOBER—Opposition Day [6th Allotted Day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 13 OCTOBER—A debate on combating benefit fraud on a motion for the Adjournment of the House.

FRIDAY 14 OCTOBER—Private Members' Bills.

Chris Grayling: Last week's business questions were, of course, dominated by the tragic events in London, as will this week's be, as we will break at midday to pay our respects to those who lost their lives.

The Prime Minister spoke yesterday about his plans to introduce new anti-terrorist legislation at the earliest opportunity, and my right hon. and learned Friend the Leader of the Opposition pledged the Conservative party's support for him as he seeks to do so. Will the Leader of the House indicate what timetable he envisages for such legislation to be introduced? He will have my personal support in ensuring that the legislation passes smoothly and quickly through the House, but I am sure that he will agree that we must not allow the recent terrible events to interrupt our normal democratic processes, otherwise the bombers will have achieved their objectives. So, may we have an early debate on the financial crisis facing many national health service trusts? In my constituency, the local primary care trust is asking doctors where it should make £8 million-worth of cuts. In other parts of the country, such as Hampshire, doctors are being warned that they may have to stop referring patients to hospital later this year. Will the Leader of the House allow the House time to debate how a big jump in Government spending on health can actually lead to health cuts in many parts of the country and to patients being denied the treatment they deserve?

May we also have an urgent statement from Health Ministers about the food supplements directive in the wake of yesterday's unwelcome decision by the European Court to overturn its preliminary ruling and uphold the forthcoming ban on many vitamins and supplements? Judging by the comments of the Prime Minister and other Ministers over the past few weeks, the Government finally appear to have understood the absurdity of the situation, but can the Leader of the House tell us what they plan to do about it?

Will the Leader of the House arrange for the House to be briefed before the recess about the threat of a withdrawal of services by criminal barristers who are in dispute with the Government over legal aid and who want to withdraw their services in September, before the House returns? He will share my concern about the implications of such a move for our court service. Can he give the House more information about what is happening and when we might expect a statement?

Finally, I congratulate the Leader of the House on his new weekly e-mail rounding up events in Parliament. But will he make doubly sure that the e-mail works? It has helpful links, but when I tried to use them last week I simply saw a sign saying "page unavailable". Next time, will he make sure that the e-mail works? I hope that it is only a blip in his plans for open government.

Mr. Hoon: The Government are committed to bring forward further legislation to deal with the terrorist threat to the United Kingdom. Consistent with what my right hon. Friend the Prime Minister said, it is important that there is maximum opportunity for consultation and I am grateful to the shadow Leader of the House for his indication of continuing support from the Opposition; I recognise that that is so for all parties represented in the House. It is crucial that we move quickly to provide our security authorities with the appropriate powers that they need to deal with the threat to our society, but at the same time it is equally important that we get any new legislation right and that it is brought forward by consensus. I assure the hon. Gentleman, as I assure the House, that the Government will move quickly in that matter, but it is important that we get it right. That is our clear ambition.

The hon. Gentleman has obviously been reading back copies of *Hansard*, as the other matters he raised are familiar subjects that have been raised repeatedly at business questions. However, given the huge, record increases in health service funding under the Government, I do not accept that it is unreasonable to expect NHS trusts to manage their budgets properly. In the unlikely event that the hon. Gentleman were to have experience of government, I am confident that he would say the same. As the Government are finding enormous extra funds for our national health service, we rightly expect that money to be spent properly and effectively, according to sensible principles.

Questions on food supplements were raised yesterday and my right hon. Friend the Prime Minister gave a clear answer on behalf of the Government. We want safe supplements to remain on sale, but we do not want to impose unnecessary burdens on industry and we want consumers to have a wide choice of supplements. We shall adopt those principles in ensuring that any legislation is dealt with sensibly and practically.

[Mr. Hoon]

I have dealt recently with the question of legal aid funding for criminal barristers, which primarily concerns efforts by my right hon. and learned Friend the Lord Chancellor to curb the considerable costs of long, complex trials. It seems to me wholly sensible, and in the interests of lawyers and their clients, that the costs of legal aid are properly administered and distributed to ensure that we continue to have the high standards in our courts that the country has always enjoyed.

I am sorry if the hon. Gentleman's computer did not work properly. Of course, that cannot possibly be the responsibility of the Government, but I am sure that someone can give him appropriate advice on accessing the right links.

Mr. David Wimick (Walsall, North) (Lab): Will my right hon. Friend comment on the proposed industrial action by cleaners employed by outside contractors, which is, I understand, due to take place next Wednesday? Can the Government use their good offices to try to ensure that people employed by contractors have the same conditions as those directly employed by the House, so that we do not have cleaners who are paid only £5 an hour, with no sickness pay and no pension? That is deplorable. We would not stand for it in our constituencies; we would make our protest, and we should do so here. As for the so-called rest rooms, I visited them only the other day. They are slums on our own doorstep. When we consider our accommodation for Members or Officers, why should our fellow citizens have as rest rooms places that Dickens would have recognised in his time? This is totally unacceptable. We must treat those who clean up after us properly and that includes those who are employed by contractors. Why have contractors in the first place?

Mr. Hoon: My hon. Friend has made his point with his usual considerable force. I can assure him that I have looked to have the matter placed on the agenda for the next meeting of the House of Commons Commission.

Sir George Young (North-West Hampshire) (Con): Did the Leader of the House read in today's press reports of a £2 million donation to the Labour party? Does he agree that it raises important issues? Does he recall that on 16 December 2004 I asked his predecessor if we might have a debate on the report of the Electoral Commission, which made recommendations that would reduce the dependence of all parties on large donors and increase the number of smaller donations? His predecessor was sympathetic to the idea of a debate, but nine months later we still have not had it. May we have that debate?

Mr. Hoon: I understand the right hon. Gentleman's concern. The matter has been discussed at length over many years, though he will forgive me if I remark that only rather more recently by Conservative Members than was the case, say, before 1997. I simply make that factual observation and make no criticism of the right hon. Gentleman for raising the issue. The matter seems to interest Conservative Members today in a way that it did not before, possibly indicating their lack of ambition to sit on this side of the House again, rather than remain where they are. These matters are important and the House should discuss them. Given the Conservative party's concern about them, it will no doubt devote some of its Opposition time to the matter.

Mr. David Heath (Somerton and Frome) (LD): In paying respects to all those who have been involved in working on the aftermath of last week's atrocities, we can barely begin to imagine the distress of those who have lost loved ones.

May I raise a difficult and sensitive question? I intend no reflection on the excellent work of the coroner for inner London and his staff, but clearly there are deficiencies in the system that are becoming increasingly evident. Is it possible for the Government to bring forward the anticipated coroners courts Bill so that Parliament can address these issues as a matter or urgency?

I welcome yesterday's written statement from the Foreign Secretary on providing information to Parliament on European Union issues. Can the Leader of the House now tell us what he proposes to do to improve scrutiny of European matters and when we can expect proposals to be put before the House?

May we have a statement or a debate on child protection following today's report from the various inspectorates entitled "Safeguarding Children", which reveals that the sharing of information between the police, the NHS and social services is shambolic? Given that it is now three years since Soham, is it not time that we acted effectively to avoid such a tragedy occurring in future?

Finally, may we have a debate on the civil service? Returning to the so-called yob tsar—I am not sure whether that is a job title or a personal description—Louise Casey, who opined:

"Doing things sober is no way to get things done",

and has now received a warning from the Home Office, apparently with the full support of the Prime Minister, is it not time that we introduced a civil service Bill as a matter of urgency?

Mr. Hoon: I thank the hon. Gentleman for his comments about those who have been engaged in such difficult circumstances, assisting the public and dealing with the aftermath of last week's tragedy. We have all rightly paid tribute to the emergency services, but may I add a further group whose members have not always received the respect to which they are entitled? The people who work for London transport are engaged in a number of important tasks, but they have not always been given the credit that they deserve, not least the remarkable bus driver who, on Friday, was back driving the No. 30 bus, only a day after those terrible events.

I hope that the hon. Gentleman was not criticising in any way the work of the coroner service. There has been misplaced criticism of the timetable, but I urge him to bear in mind the fact that the coroners are engaged in a difficult and sensitive task concerning the bodies of the people who were so terribly killed. They are also collecting evidence and ensuring that material is examined with a view subsequently to pursuing criminal proceedings against those responsible. I note the hon. Gentleman's concern about the need to introduce a Bill, and I assure him that that will be done as soon as possible.

As for improving the House's arrangements for European scrutiny, I am looking carefully at a number of reports. As a former Member of the European Parliament, I believe that it is important that we find more effective ways of linking with the European institutions, and I am keen that that should take place as a matter of urgency. I share the hon. Gentleman's concern about the need for continuing vigilance in child protection. Great progress has been made and, although there are criticisms in the latest report, it is important to give due recognition to those improvements. Obviously, there is still more to be done and the Government will consider the report's findings carefully. We have already addressed a number of issues raised in the report, but it is important that we make further progress.

It is unfortunate that the hon. Gentleman continues to highlight the case of one particular individual. There is a civil service code, and civil servants are not generally in a position to answer back when they face criticism from politicians. It is important that we give effect to the code and allow the civil service to deal with those matters as outlined in the code.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): Following the tragic and evil events of last week caused by terrorism, there is already fallout in the Asian community—not just the Muslim community but the Hindu community and the Sikh community—to which I belong. Given the serious effects on multiculturalism and the great society that we have built up, can my right hon. Friend find time for a debate on the matter, as it is important that we discuss it on the Floor of the House and show strong support for the spirit of multiculturalism?

Mr. Hoon: My hon. Friend makes an extremely important point. It may not answer his question directly, but I am sure that my right hon. Friend the Home Secretary will want to keep the House fully informed of developments following last week's appalling events. I am confident that he will want to make a further statement to the House before the summer recess, and I hope that that will provide an opportunity for right hon. and hon. Members to raise the issues that my hon. Friend mentioned. It is vital that there should not be a backlash against our Asian community and that we continue to maintain and support strong principles of multiculturalism. I am grateful for his observations and I am sure that the House is too.

Mr. Nigel Dodds (Belfast, North) (DUP): The thoughts of the whole House are naturally dominated by the terrible events that took place in London last week and yesterday in Iraq. However, it should be aware of serious terrorist incidents that have taken place in Northern Ireland in recent days in Londonderry, in Moira and in my own constituency of north Belfast, where lethal blast bombs were used against police, civilians and journalists the other night. We have had a sinister statement this morning from a dissident republican group warning of further violence. Many people in Northern Ireland, however, are sceptical about the difference between violence by dissidents and violence by mainstream provisionals. Can we have a statement from the Secretary of State for Northern Ireland to reassure people in Northern Ireland that the necessary resources will be given to the police and the Army to safeguard innocent people and protect them from the increased threat?

Mr. Hoon: The hon. Gentleman is right to raise the broader question of terrorism as it has affected our society. There are times when we say, perhaps rather complacently, that we as a country have had experience of terrorism, without thinking through the implications of that for people in Northern Ireland and elsewhere, who have been directly and personally affected by it. The appalling events of last week bring home to all of us the terrible personal tragedy for the families and friends of those who have lost their lives or been terribly injured, so it is important that we continue to debate and discuss the evil of terrorism from whatever source it arises. I assure the hon. Gentleman that the Government will continue to do that.

Mr. Dennis Skinner (Bolsover) (Lab): May I add my voice to that of my hon. Friend the Member for Walsall, North (Mr. Winnick) regarding the cleaners in the House? The problem is that many years ago it was decided to go for indirect employment—creeping privatisation—on these premises. One of the things that the Leader of the House should put on the agenda when he discusses the matter next week is ways and means of bringing the cleaners back under the direct control of the House's facilities. Then they will get paid the same as the other cleaners, and the restrooms mentioned by my hon. Friend could be eliminated at a stroke.

Mr. Hoon: I am sure that is one of the matters that will have to be discussed by the House of Commons Commission in due course.

Mike Penning (Hemel Hempstead) (Con): Tomorrow I will be at the funeral of a constituent, David Cheshire, a good and honourable man who had done the right thing and paid into an occupational pension scheme for more than 20 years. Two weeks after the occupational pension scheme went into liquidation along with the Dexion Company that he worked for, David found out that he had prostate cancer, which was terminal. He has left a widow with no pension whatsoever. David had done the honourable thing, along with some 80,000 other workers in this country, and paid into an occupational pension, only to have it stolen. Will the Leader of the House find time for us to debate the matter and see whether the compensation package offered by the Government is suitable?

Mr. Hoon: I am certainly concerned about the particular case that the hon. Gentleman raises. Not only have the Government brought forward a comprehensive compensation package to deal with the kind of situation that he describes, but we have taken steps to look at ways in which we can ensure that existing pension schemes are properly managed and properly funded, and impose tougher and tighter regulation on those schemes in order to prevent precisely the kind of difficulties that he so eloquently describes.

Dan Norris (Wansdyke) (Lab): Will the Leader of the House arrange for an early statement or debate on the

[Dan Norris]

miners compensation scheme? In my constituency, Wansdyke, the last pit closed more than a quarter of a century ago, which means that the average age of claimants is that much higher than in the country as a whole, and many of them are dying before receiving the compensation from which they should be entitled to benefit. Will my right hon. Friend draw the attention of the Department of Trade and Industry to that, so that the claims of older miners can be prioritised over other claimants, even though that is a difficult challenge?

Mr. Hoon: I am grateful to my hon. Friend for raising that important issue—important not least to me as the Member of Parliament for a former mining area. I am familiar with the individual difficulties of large numbers of my constituents and the constituents of other right hon. and hon. Members. This is the largest compensation scheme attempted by any Government anywhere in western Europe and there have been around 400,000 payments already. The practical difficulty is that each case has to be assessed on its own merits. That is part of the reason why the cases have taken more time than we would have liked. I can assure my hon. Friend, however, that great urgency is attached, particularly to the claims of older members of our communities. It is important that we get payments to them as quickly as possible.

Dr. Julian Lewis (New Forest, East) (Con): In an answer a few moments ago, the Leader of the House referred to the Government's financial assistance schemes for people who have lost a large part of their pensions. From successive business questions he will be familiar with the case of APW Electronics in Eastleigh, which is one of a very small number of firms—half a dozen, or fewer—that fall outside the scheme. Will he please arrange for a statement from the Secretary of State for Work and Pensions, who I am pleased to see has just taken his place on the Front Bench? We feel that the Secretary of State will have more sympathy with those pensioners who have lost three quarters of their pension, given that he is in the fortunate position of having had an £18,000 pay-off when he resigned as Home Secretary only five months before rejoining the Cabinet.

Mr. Hoon: I am sorry that the hon. Gentleman feels it necessary to make such a cheap political point in the context of a serious and important issue in relation to his own constituents. If I may say so, he undermines his argument by coupling it with such an observation. I have dealt with the case on previous occasions. It is important that people should receive proper compensation. The Government scheme exists, but this particular case involves a company that apparently has the funding available to provide proper compensation. That is one of the basic qualifications. No one in the House would want to see taxpayers' money being distributed to pension schemes that were in other respects viable. I am sure all hon. Members would stand by that.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Will the Leader of the House consider asking the Foreign Secretary to make a statement on the situation of my constituent, 18-year-old Michael Shields, who is in prison in Bulgaria on a charge of attempted murder, which carries a sentence of up to 20 years? Will he ask the Foreign Secretary to consider particularly whether the court proceedings in Bulgaria are compatible with Bulgaria's membership of the European Union?

Mr. Hoon: I will ensure that my right hon. Friend the Foreign Secretary responds in detail to my hon. Friend, perhaps not in the form of a statement, but in the form of a letter.

Adam Price (Carmarthen, East and Dinefwr) (PC): If we cannot have a debate in Government time on party funding, could we have a debate on Government-sponsored tax avoidance by prominent Labour party donors? Can it be morally acceptable that the richest man in Britain, and the third richest man in the world, pays no tax whatsoever in the UK, or is that £2 million money well spent?

Mr. Hoon: I can assure the hon. Gentleman that my right hon. Friend the Chancellor has been vigorous in pursuing those who avoid and evade their taxes. Whenever he does that, we receive loud complaints from Opposition Members about the way in which we seek to ensure that our tax system is vigorous and effective.

Martin Salter (Reading, West) (Lab): I thank the Leader of the House for finding time for the Second Reading of the Crossrail Bill. Is he aware that residents and businesses in the Reading area will be looking for amendments to the Crossrail scheme to ensure that the continued service of the excellent high speed trains into Paddington is not impeded?

Mr. Hoon: My hon. Friend will have every opportunity to make observations on behalf of his constituents on Second Reading of the Bill on Monday. We all look forward to reading his speech.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): There seems to be a problem in the right hon. Gentleman's knowledge of what is happening in the NHS. He complacently says there is more money going into the NHS. However, in the Cotswolds the deficits of the primary care trusts are getting bigger and bigger every month, we are making doctors and nurses redundant, and we are closing wards. I had one constituent whose death was certainly accelerated by the changes. Will the Leader of the House pay a visit to the Cotswolds during the long recess? He can have an enjoyable holiday and I will arrange a meeting for him with the heads of all the PCTs in Gloucestershire so that he is aware of what is happening on the ground, so that in the autumn we can have an informed debate with Ministers.

Mr. Hoon: I am not in any way complacent about the magnificent extra funding that the Government have made available to the national health service—I am extraordinarily proud of it. As I said to the hon. Member for Epsom and Ewell (Chris Grayling) who raised the same question earlier, that extra funding has to be properly managed and properly spent. It has to be used correctly by trusts to improve medical care. I am a regular visitor to the hospital in my constituency, where

I can see for myself the excellent progress that has been made in providing treatment and facilities for my constituents and those of many of my neighbours.

Hugh Bayley (City of York) (Lab): The hot weather, unseasonable flash flooding in north Yorkshire and the increased severity of winter flooding all show that climate change is a real problem, and I congratulate the Government on making it one of their G8 priorities. Will the Leader of the House find Government time to debate the achievements at the G8 and what still needs to be done to combat climate change?

12 noon

The House observed a two-minute silence.

Mr. Hoon: I emphasise my right hon. Friend the Prime Minister's point in his statement about the G8's achievements that we have made real progress on climate change, and it is important that it continues. As my hon. Friend the Member for City of York (Hugh Bayley) has said, the House must continue to discuss and debate those matters, and I am sure that appropriate opportunities to do so will arise in due course.

Mrs. Iris Robinson (Strangford) (DUP): Will the Leader of the House make Government time available to debate the rising number of suicides throughout the United Kingdom and, in particular, in Northern Ireland, where the increase is especially serious, so that we can discuss ways to provide help through the various agencies?

Mr. Hoon: I was not aware of those statistics, but if that is the case, it is an extremely disturbing development. I assure the hon. Lady that the Government will provide her with a thorough response in due course.

Mr. David Clelland (Tyne Bridge) (Lab): Has the Leader of the House seen early-day motion 571 on House of Lords reform, which has been tabled by some eminent right hon. and hon. Members?

[That this House welcomes the Government's commitment to a free vote on the composition of Parliament's revising chamber; believes that the House of Lords should be replaced by a chamber which is predominately elected; and believes that the Second Chamber of Parliament Bill, presented in February by the then honourable Member for North Cornwall, endorsed by the Right honourable Member for Livingston, the Right honourable Member for North West Hampshire, the Right honourable Member for Rushcliffe and the honourable Member for Cannock Chase, and supported by other leading Members of both Houses, provides a valuable basis for further discussion and decision.]

When can we expect a debate on House of Lords reform? Does he agree that despite the right hon. and hon. Members of great intellect who have sat in this place over the years, there are many examples of their getting things completely wrong?

Mr. Hoon: Having studied the second volume of the diaries of my distinguished predecessor, Richard Crossman, which covers the period in which he sought to find ways to reform the House of Lords from the position that I currently hold, I recognise the difficulties of achieving the right result. The Government made progress by removing the overwhelming majority of hereditary peers, a change for which great intellects from Tom Paine onwards have argued. The Government are committed to continuing to establish a consensus on the way forward, because a single political party cannot drive through such reform. We must achieve a wide consensus on the way forward and establish constitutional arrangements for the United Kingdom that are consistent with the requirements of a 21st-century democracy.

Mr. Mark Harper (Forest of Dean) (Con): The Leader of the House will be aware that the level of council tax is a concern across the country. Yesterday's statement on the changes to the local government pension scheme will have concerned my constituents and, I am sure, other hon. Members' constituents, who fear another council tax hike. Will the Leader of the House make time available for an urgent debate so that we can properly question the Deputy Prime Minister and Ministers from his Department?

Mr. Hoon: My right hon. Friend the Deputy Prime Minister is extremely concerned about the level of council tax and has taken appropriate action in relation to a number of local authorities, most of which are represented by Conservative Members. Perhaps the hon. Gentleman and other Conservative Members should use their considerable influence to encourage those Conservative-controlled councils to hold down their council tax increases, in which case we would all be very pleased.

Mr. John Denham (Southampton, Itchen) (Lab): One year ago, the APW company pension scheme had a significant but manageable deficit. Government rule changes made it in the company's interests to shut the scheme, which crystallised the debts into tens of millions of pounds and cut pensions by three quarters. Can we debate pensions and examine in detail why the Government's refusal to assist companies when they are still solvent is simply not tenable?

Mr. Hoon: I commend my right hon. Friend, who has pursued that issue with considerable determination and emphasise that the Government are consulting widely on the question of future arrangements for pensions. The issue is complex and difficult, and it is a sensitive subject for many people. I have already set out the rules on compensation for that particular scheme, but we should examine individual cases with a view to making sure that justice is done for the pensioners concerned.

Mr. Desmond Swayne (New Forest, West) (Con): Given the debate that will take place in the Lords this afternoon and the contribution that the former Chiefs may make, will the Leader of the House arrange for one

[Mr. Desmond Swayne]

of the Law Officers to make a statement to clarify the legislation on the International Criminal Court? It would be improper if soldiers were denied the proper protection of the courts-martial system—being judged as professionals by professionals. It would be outrageous indeed if, figuratively, officers were to wake up and find themselves in the cell next to Milosevic.

Mr. Hoon: I share the hon. Gentleman's concern about the general proposition. It is vital that the very high standard set by our armed forces on the conduct of those who serve the country is maintained, and I am sure that my right hon. Friend the Secretary of State for Defence has made that point. I assure the hon. Gentleman that members of our armed forces will continue to benefit from the courts-martial system and to uphold the law, which is something that they have always done excellently.

Julie Morgan (Cardiff, North) (Lab): When can we debate the disability living allowance and the eligibility criteria? My constituent, Mrs. Angela Jackson of Lisvane, Cardiff, was severely disabled before her 65th birthday. At the time, she was critically ill in intensive care and was in no state to fill in the forms to claim disability living allowance. She is now paralysed from the waist down and is not eligible to claim an exemption from road tax, which accompanies disability living allowance, because she is over-65. The situation is grossly unfair, because she could not fill in the forms before she was 65 and she has now been excluded from those benefits. When can we debate that unfair situation?

Mr. Hoon: I am not familiar with the particular case raised by my hon. Friend, although many similar cases have arisen in my constituency. I understand the concern among those who claim the variety of incapacity benefits that the form-filling and bureaucracy is sometimes extremely frustrating, particularly for those people who are least able to do it. Let me emphasise that my right hon. Friend the Secretary of State for Work and Pensions is looking thoroughly at ways in which we can reform the incapacity benefit system, which is often criticised by people who suggest that those who are not necessarily eligible are receiving benefit. On the other hand, we will all have had in our own constituencies cases where those who are deserving have not been properly supported. My right hon. Friend's ambition is to ensure that we target this financial help from the taxpayer on those who are most in need and most deserving.

Mr. Henry Bellingham (North-West Norfolk) (Con): Yesterday, the Prime Minister said that he wanted to take a grip on terrorism and deport more terrorists. What he did not say is that under successive Governments the UK has become a haven for different extremist groups, including the Armed Islamic Group—the GIA—which has been raising money here to finance terrorism in north Africa. Can the Leader of the House confirm that the Government will deport all terrorists, including to countries such as Morocco, Algeria, Egypt, Yemen and Saudi Arabia?

Mr. Hoon: I do not accept for a moment the suggestion that this country is in any way a haven for extremist or terrorist groups. I assure the hon. Gentleman and the House that the Government will use the full range of powers available to them to deal with such organisations. Moreover, should the security services require further powers, they will, as I said earlier, be the subject of further legislation that I hope can be taken forward on a cross-party basis.

David Wright (Telford) (Lab): May we have a debate in Government time on the proliferation of mobile phone masts, particularly next generation masts, which are springing up right across the country? The public are deeply concerned about the health implications and have not been reassured by the Stewart report. We need a major debate on the Floor of the House about this issue.

Hon. Members: Hear, hear.

Mr. Hoon: I know—I can tell—that this matter concerns many Members. Shortly before the election the Government commissioned research on identifying the future direction of mobile phone technology, including the need for mast developments and the potential for increasing the sharing of masts. That research will inform the review of development rights that the Government are conducting. There is a thorough investigation into the planning arrangements for telephone masts, which we take very seriously.

Sir Nicholas Winterton (Macclesfield) (Con): Information has come into the public domain in my constituency to the effect that those responsible for mental health are going to reduce the number of mental health beds by 34, despite the clear need for such beds. Mental illness is still the Cinderella of the national health service. Will the Leader of the House treat this matter very seriously and arrange for the appropriate Minister to make a statement, either before we rise for the summer recess or soon thereafter, on the number of mental health beds in the United Kingdom, or arrange for a debate in Government time?

Mr. Hoon: The hon. Gentleman is right to raise this important issue. Mental health provision is not always given the publicity and attention that other parts of the health service receive. That is precisely why the Government intend in due course to introduce a mental health Bill to provide further help and assistance for this important area of our national health service. I am not familiar with the particular circumstances in the hon. Gentleman's constituency, but I will ensure that they are dealt with by the appropriate Minister.

Dr. Alan Whitehead (Southampton, Test) (Lab): Yesterday, BAT Industries announced the transfer to the far east of all cigarette production in its factory in Southampton—a decision that was taken far beyond

these shores and regardless of the efficiency and dedication of the 500 workers in my constituency who will lose their jobs over the next two years as a result. Will my right hon. Friend find time for a debate on the responsibilities of companies such as BAT for the retraining and possible re-employment of people affected by such decisions and on whether there is sufficient capacity in learning and skills councils and regional development agencies for assistance with re-employment and possible re-use of the sites of factories that have been relocated in this way?

Mr. Hoon: I certainly share my hon. Friend's concern about the impact of such an announcement on the individuals who stand to lose their jobs and on the families affected. Let me emphasise that the Government, through the Department of Trade and Industry and other Departments, have a range of measures available for retraining and re-employment. I agree, however, that such multinational companies have a responsibility to assist their former employees in finding new jobs.

Michael Gove (Surrey Heath) (Con): Will the Leader of the House be kind enough to make space in Government time for a debate on centralisation in the national health service? Many of my constituents are deeply concerned that a centre of excellence in my constituency—the upper gastro-intestinal cancer unit in Frimley Park hospital—may close in order to be merged with the cancer services at the Royal Surrey hospital in Guildford. As a result, we may lose consultants, the goodwill of patients, personalised health care and a tradition of excellence. Is not it a great pity that when we get welcome extra resources into the national health service we find that, as a consequence of a failure adequately to reform, we lose consultants instead of bureaucrats and busy-bodies in the Department of Health?

Mr. Hoon: Notwithstanding the hon. Gentleman's observations, I can assure him that dedicated civil servants are working in the Department of Health trying to ensure precisely that facilities such as those that he so well describes continue to be available not only to his constituents but to all our constituents across the country. There has always been a necessary tension between providing that range of facilities locally, at a distance that our constituents can readily take advantage of, as against concentrating specialist services so that the highest standards of medical practice can be followed. It is an extremely difficult dilemma. Nevertheless, I believe that the concentration of specialist facilities providing those very high standards, with the latest research and technology, means that our constituents can enjoy the best services.

I am not familiar with the particular case that the hon. Gentleman mentions, but I will ensure that my right hon. Friend the Secretary of State for Health contacts him and explains the background.

Martin Linton (Battersea) (Lab): May we have a debate before the recess on antisocial behaviour, because this is the time of year when the problems of gangs of young people abusing and intimidating residents can get worse? A debate would give us the chance not only to praise the work of the four save the neighbourhood teams that are already doing an excellent job in my constituency but to hear when the Home Office will be able to fulfil its promise of a neighbourhood policing team in every community. In areas in my constituency, notably East hill, Balham and Northcote, a more visible policing presence is still urgently needed.

Mr. Hoon: My hon. Friend is right to raise an issue that, if my constituency mailbag and surgeries are anything to go by, is raised with all Members of this House on an all too regular basis. The Government have recognised the problem of antisocial behaviour and continue to put extra resources into policing and the provision of community support officers and neighbourhood wardens, all of whom are dedicated to dealing with the problem. However, I anticipate that more action will have to be taken, because the problem is not going away. In due course, my right hon. Friend the Secretary of State for Education and Skills will make proposals as to how we can provide extra services to support young people. That is the heart of the problem and a matter that we need to address urgently.

David T.C. Davies (Monmouth) (Con): The Leader of the House may be aware that the Department of Health is in possession of a report into allegations that the British Pregnancy Advisory Service helped to facilitate illegal abortions in Spain. Will he ask the Secretary of State for Health to come to this House to make a statement on why she refuses to release that report, despite a request under the terms of the Freedom of Information Act 2000, and why she refuses to accept any further written questions about when she will release the report or even read it?

Mr. Hoon: I was not aware of the report. I am sure that my right hon. Friend will give careful consideration to any recommendations in, or implications of, the report and will inform the hon. Gentleman as and when appropriate.

Mr. Rob Wilson (Reading, East) (Con): Will the Leader of the House arrange for the Secretary of State for Health to come to the House and talk to us about the dangerous lack of allergy consultants in the United Kingdom? In my constituency, several children cannot even see a consultant. The best parents can be offered is paying £150 to a GP specialist. That is not good enough. The report of the Select Committee on Health stated that there should be 40 more allergy consultants in the UK as soon as possible.

Mr. Hoon: I am sure that hon. Members would not want the time that they suggest that my right hon. Friend should spend at the Dispatch Box answering their questions on those important issues to detract from her huge responsibilities to continue to improve the national health service. I remind the hon. Gentleman that, every four weeks, there are questions to health Ministers. There are a good number of health Ministers and I am sure that they would be delighted to deal with such important questions on those occasions.

BILL PRESENTED

London Olympics

Secretary Tessa Jowell, supported by the Prime Minister, Mr. Secretary Prescott, Mr. Chancellor of the Exchequer, Mr. Secretary Straw, Mr. Secretary Darling, Mr. Secretary Clarke, Mr. Secretary Hain, Secretary Alan Johnson and Mr. Richard Caborn, presented a Bill to make provision in connection with the Olympic Games and Paralympic Games that are to take place in London in the year 2012; to amend the Olympic Symbol etc. (Protection) Act 1995; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Monday 18 July, and to be printed. Explanatory notes to be printed [Bill 45].

Orders of the Day

Consumer Credit Bill

As amended in the Standing Committee, considered.

New Clause 1

Data Sharing

'After section 36F of the 1974 Act (inserted by section 50 of this Act) insert—

"36G Data Sharing

(1) In this section—

'authorised person' means a consumer credit business, or consumer hire business, or an ancillary credit business or any person acting on behalf of any such business.

'credit reference agency' means any person within the meaning of section 145(8) and who holds a licence in respect of such activities under Part III of this Act.

all reference to 'debtor' shall include a reference to hirer and all references to credit shall include a reference to hire.

(2) Any authorised person may, provided the conditions in subsection (3) below are satisfied, disclose to a credit reference agency, and the authorised person and credit reference agency may use, any information relating to the credit history or financial standing of any debtor of the authorised person, for the purposes referred to in subsection (4) below, notwithstanding any enactment or rule of law prohibiting or restricting the disclosure or use of, or authorising the withholding of, such information.

(3) The conditions referred to in subsection (2) above are that—

(a) the authorised person has notified the debtor that it may disclose the debtor's information under this section; and

(b) the debtor has not, within 28 days of the date of notification, informed the authorised person in writing that he objects to such disclosure of his information.

(4) For the purposes of subsection (2) above, the permitted purposes are—

(a) vetting applications for credit or applications that can result in the giving of credit or giving of any guarantee, indemnity, or assurance in relation to the giving of credit;

(b) verifying the identity of the debtor or any applicant for credit, for the purpose of or in connection with an application for credit, or for any other purpose relevant to the financial standing of the debtor, including the prevention of money laundering;

(c) managing credit accounts including debt tracing and recovery;

(d) preventing, detecting or apprehending crime, and for the enforcement of criminal law whether in England and Wales or elsewhere including the tracing and recovery of any sanctions imposed thereunder;

(e) statistical analysis of credit risk assessment in a case where no individual is referred to by name or necessary implication;

(f) any other purpose to which the debtor subsequently consents; and

(g) any other purpose specified in an Order made by the Secretary of State for the purpose of this subsection (4).

(5) In this section—

'application for credit' includes an application to refinance or reschedule an existing credit agreement;

'credit reference services' means the furnishing of persons with information relevant to financial standing of individuals, which is information collected by the person furnishing the purpose of so furnishing it.".',—*[Norman Lamb.]*

Brought up, and read the First time.

12.21 pm

Norman Lamb (North Norfolk) (LD): I beg to move, That the clause be read a Second time.

As we have discussed many times, the Bill contains much that commands broad support. On Second Reading, I said that two specific issues were absent from it. The first is the problem of the calculation of interest. I note that an amendment on that has not been selected but it needs to be resolved. The second is data sharing. I know that the Under-Secretary shares my concern and that of many others, including the Conservative spokesman, that there is a long way to go in resolving the problem.

In a sense, it goes without saying that the best decisions about whether to lend are made when both parties—the lender and the borrower—have access to full information on which to base a judgment about whether it is appropriate to lend and about the amount to lend in the circumstances. However, at the moment, all too often, only the borrower has access to the full information. For many reasons, borrowers may be in denial about their capacity to service a loan or the amount borrowed on a credit card. We must therefore find a way of ensuring that both parties have access to the full information to make objective and wise decisions based on the principle of responsible lending.

Often, people build up unsustainable debt from several different sources. We are told that that is one of the prime causes of the crises that occur when people suffer health problems and sometimes worse. Increasingly, consumers shop around, obtain different credit cards, spend on them and also take out loans. Perhaps there is no defaulting for some time on any of those products, but unbeknown to each lender, borrowers are building up unsustainable debt and the crisis ensues.

There are two broad problems. First, data sharing generally takes places only when there has been a default—when someone has not paid on time or exceeded an overdraft limit and so on. When no default has occurred, but an unsustainable debt might be building up, information is not shared.

The second problem is historic and I shall describe it in a little more detail shortly. Before I reach the core of the new clause, I make a plea to the Under-Secretary to use his authority to sort out the whole problem. The new clause deals with part of it. It is permissive, not mandatory and therefore enables fuller data sharing. However, there is another side to the difficulty: ensuring that the industry does its duty and takes the opportunity that the new clause provides to make sure that data are shared. The Department of Trade and Industry, the Department for Constitutional Affairs, the industry, the office of the Information Commissioner and the Inland Revenue should get together urgently and set a timetable for achieving full data sharing. Even if the Under-Secretary opposed the new clause, I would welcome a commitment from him to ensure that that happens.

The Treasury Committee's inquiry showed that there is a feeling that the talking has gone on for a long time but there has been a lack of action. Part of the responsibility for that lies with the Government in legislative reform, which we are providing today, and in facilitating and putting pressure on the industry to respond. I know from discussions with the industry that, for example, APACS, the British Bankers Association and FLA are up for it and keen to discuss the matter with the Government to get it resolved.

Let me deal with the historic problem, which the new clause tackles. The Data Protection Act 1998 requires lenders to notify individuals that their data will be shared and the purpose for which they will be used. That legislation led in due course to the industry including standard clauses in the application process to ensure the consent and knowledge on the part of the consumer for any new agreement after data protection legislation came into force. There is no problem for new agreements; consumers have given their consent. However, there is no provision for any account opened or agreement made before the introduction of the standard clauses in contracts. Nothing provides for consumers to agree to their data being shared. Many accounts—credit cards and current accounts—have a long life. I have had my current account all my adult life.

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): A long time.

Norman Lamb: Thank you. Many people's credit agreements will predate the introduction of the standard clauses and thus fall outside the scope of the new provisions for ensuring that data can be shared. The industry estimates that some 40 million accounts—42 per cent. of the market—fall into the category where there is no data sharing. How can the Government be serious about sorting out the problem of the lack of data sharing if there is no such sharing on 40 million accounts? Yet the industry says that it cannot share data unless there is a legislative change.

Chris Bryant (Rhondda) (Lab): I am sympathetic to the hon. Gentleman's argument but I wonder whether that is where the problem lies. There have been genuine problems in my constituency of people accumulating debt that they could never afford. The main problem was people starting with a set of new credit arrangements fairly recently. Surely the problem lies with shopping around on the internet or responding to the many millions of pre-approved applications for loans and credit cards. I wonder whether the measure is necessary when we should mostly be saying: caveat emptor.

12.30 pm

Norman Lamb: I am grateful to the hon. Gentleman for that intervention. As I said earlier, there are two problems. There is the historic problem, which the new clause addresses. There is also the problem that there is generally no data sharing in relation to modern accounts in circumstances in which the borrower does

[Norman Lamb]

not default. A default triggers the sharing of information. The industry says that it is extending that provision, and that by the end of the year, it will have introduced much broader sharing of information, so that it will be sharing the good data as well as the bad data. If that actually happens, we will see a real advance. I am not suggesting that the new clause will resolve all the problems. We need a combination of legislative reform and pressure on the industry to deliver a much wider sharing of information from the kind of new credit agreements that the hon. Gentleman has described.

Mike Penning (Hemel Hempstead) (Con): The industry has a wide knowledge of people's credit. One area that is very dangerous is the transfer of credit card balances to new credit cards. There are some wonderful offers out there, but the problem is that the credit card companies know that a balance is being transferred to a new card, with a whole new credit limit, yet the existing credit card is not cancelled. So the borrower automatically gets double the amount of credit, and they can do that every six months. There is not one credit card company that cancels the card from which the balance is being transferred. Its credit limit remains in place. If someone with a £5,000 credit limit transfers that balance to a new card, they will find themselves with a combined credit limit of £10,000. They can do the same thing six months later. The danger is that the credit card companies have the information, but they are not using it to protect the consumer.

Norman Lamb: I thank the hon. Gentleman for that intervention. He makes a good point. There is a big problem with the transfer of credit. Sometimes it can work in the consumer's interest, if they can get a genuinely lower rate of interest and use the system. However, there are real dangers involved. I am not suggesting that the new clause will be a panacea to resolve all the problems of irresponsible lending in the credit industry.

Further to the hon. Gentleman's point, the Treasury Committee noted that people often transfer their credit card balance having received a commitment of a nil rate of interest for perhaps a year. However, they are often not told that new purchases on the card will be charged at the full rate of interest, or that when they pay off some of the balance, it will be taken off the balance transfer, not the new purchases. They therefore find that they are paying interest when they did not expect to. So there are many problems, and they all come down to the practice of responsible lending. We still have a way to go to get the industry fully to understand the importance of that concept.

I am seeking to address one specific historic problem, which is that, in the view of the industry and the Information Commissioner, there cannot be a full sharing of data. The commissioner has advised the industry that it would be a breach of the Data Protection Act 1998 to share data without consent. Incidentally, the problem has got much worse because, as the hon. Member for Rhondda (Chris Bryant) pointed out, there has been a revolution involving people shopping around. In the old days, all our needs were met by one institution—a bank or whatever. Now, people shop around for the best value product, so the need to address the problem of data sharing has grown considerably.

The Information Commissioner has said that, under the old agreements in which there is no provision for data sharing, a lender would need the customer's consent to share such information. The only solution available at the moment, therefore, is for the lender to go to the customer and ask for their consent. Members will appreciate, having sent out political mailings to people, that the response rate to such requests would be tiny. The industry reckons that it would be less than 1 per cent. We cannot resolve the problem simply by seeking consent under the existing rules. New clause 1 seeks to address that.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I have sympathy with the objectives of the new clause and with the need to promote greater data sharing on an historical basis. Does the hon. Gentleman agree, however, that we need to be careful about forcing consent, as it were, on members of the public? The Data Protection Act is there for a reason, after all. The new clause would give fairly wide powers to credit reference agencies and other organisations to extract consent from individuals. Perhaps the hon. Gentleman should think about the implications of what could be quite a serious breach of data protection principles.

Norman Lamb: I fully accept that. I have thought about the issue, and I realise that there is a balance to be struck. We could simply say that this provision breaches the principles of the Data Protection Act; therefore there is nothing we can do. However, the consequence of doing that would be too serious, and I cannot accept that that is the right approach. So while I fully understand the hon. Gentleman's point, it is my judgment that we should reform the law in the way that I have proposed. The consequence of not doing so could be very serious. At worst, it could be a matter of life or death. We have all come across awful cases of people taking their own lives because of the mess that they have got themselves into. There is a responsibility on all of us to address the problem, and to ensure that judgments on offering credit are made with the fullest possible information available.

Some people have expressed concern that the new clause could lead to predatory lending. Other jurisdictions have suggested that, where there are provisions for data sharing, some unscrupulous lenders could use the information to target vulnerable consumers. However, the specific provisions of subsection (4) will address that concern, in that it sets out the conditions under which the information can be shared. It will prevent any risk of the information being exploited for the purpose of predatory lending.

James Brokenshire (Hornchurch) (Con): The information could be used to encourage more blanket mailings. More and more paper lands on our doorsteps each day, and we end up being offered credit for this, that and the other. This results in two problems. First, some of the offers are pre-approved, which can be a problem if that mail is intercepted. We all know from our constituency mailbags that people have had their information misused by others. Secondly, such offers can encourage people to take credit when perhaps they

should not. Will the hon. Gentleman comment on the protection offered in the new clause to ensure that those things would not happen?

Norman Lamb: The hon. Gentleman raises a genuinely serious point. We all suffer from those mailshots, but some people are better able than others to identify the dodgy ones. There has been a revolution in the availability of credit, but there has not been a commensurate revolution in financial literacy and education. People are therefore often very vulnerable to such approaches. However, the conditions set out in subsection (4) ensure that the use of information to target mailshots at vulnerable groups would be prohibited. Lenders would not have permission to do that.

Data sharing is of value to both the lender and the consumer, but when we talk about breaching the principles of the Data Protection Act, we must remember that we are seeking to act primarily in the interests of the consumer. From the lender's point of view, it would enable better, more informed decisions. It would mean a reduction in credit losses and in the amount of time spent handling accounts. From the consumer's point of view, which for me is the most important, it captures those cases to which I referred in which unsustainable debts build up unnoticed, and helps to prevent such a crisis from occurring. It helps existing lenders to monitor what is going on with their customers—if they can see, through access to information, that their customer is building up an unsustainable debt elsewhere, it enables them to make an earlier intervention to warn their customer of the potential consequences. At the moment, the lender is completely ignorant of such looming problems.

Consumers who have a good credit record would also be helped. The acknowledgement of that fact, because of the lack of "dodgy data" through data sharing, improves their ability to shop around to get a good deal. There is also a problem with people who have what is described as a "thin file". Because such accounts might be historic ones going back a long time prior to the Data Protection Act, credit reference agencies might have very little information about many consumers. That in itself often makes it difficult to gain credit, and potentially makes it more expensive.

Therefore sharing of information seems to be in the interests not only of the consumer who is liable to get into real trouble but of the consumer who has a good record. Crucially, it also encourages responsible lending. There is interesting evidence that a reduction in arrears occurs when consumers are informed that their data will be shared. When consumers know that information about what they are doing in relation to one particular account will be shared, it does not half concentrate their minds—it ensures that they try to keep their account under control, and therefore encourages responsible behaviour on the part of consumers. According to some suggestions, arrears could be reduced by as much as 50 per cent. simply through the consumer being aware that their data could be shared, because they realise the knock-on effects in terms of access to credit if they get into difficulty.

The new clause is not mandatory—it does not require the sharing of data. It is permissive. Crucially, therefore, it is not just a panacea on its own—it requires the industry to respond by taking advantage of what it would provide and sharing the information. For example, the industry would need to ensure that its codes of practice establish the principle that data sharing is the right approach, and ought to be done as standard practice.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I have been following the hon. Gentleman's argument with interest. I feel that it is flawed in certain areas. He has put forward the argument that the publication of a person's indebtedness will provide a disincentive, but under his proposals such a person has the right to prevent the public disclosure of his personal indebtedness. Those two proposals seem contradictory, because anybody who is likely to run up cumulative debts has the right under his new clause to prevent that being public knowledge.

Norman Lamb: I do not think that that is contradictory in any way. A safeguard is provided that addresses some of the concerns of other Members. We have already established the de facto principle that all credit agreements these days provide a standard clause for the sharing of information—there is no opt-out, it is a fact, and that is what happens. If consumers want credit, they sign up to that arrangement. The new clause addresses the problem of all those agreements that predated the Data Protection Act, and therefore pragmatically helps to address a serious problem that cannot be resolved in any other way, because the response rate to any request for consent would simply be too low.

That is my new clause in a nutshell. It seems to me that there is a strong case for ensuring that there is full data sharing—not the partial data sharing that we have currently. We must do something effective to ensure that that happens. The time for talking is over, and it now seems to me that the Government should act. The new clause is the way of achieving that.

12.45 pm

Charles Hendry (Wealden) (Con): I am grateful to the hon. Member for North Norfolk (Norman Lamb) for tabling this sensible and constructive new clause. I am pleased to offer the Conservative party's support for it. On several occasions in Committee, I raised the importance of making advances in data sharing. I also endorse what he said about asking the Government to sort out the issue in its entirety. A range of issues are involved and we are all looking for them to be dealt with together rather than piecemeal.

There is concern that a unique opportunity to protect consumers is being missed. The Bill does an enormous amount in that direction, but the Minister rejected our pleas in Committee for controls on credit card cheques, which was an issue raised by the hon. Member for Rhondda (Chris Bryant).

Mr. Sutcliffe: I do not think that I rejected it. I said that I would deal with it through secondary legislation on credit card cheques.

Charles Hendry: I accept the distinction that the Minister makes, but he still said no to our amendment, even if he could see where it was coming from.

Chris Bryant: The Minister is good at saying no.

Charles Hendry: The Minister is extremely good at saying no, as the hon. Gentleman says from a sedentary position. He is the natural heir to General de Gaulle and Margaret Thatcher in saying no so forcefully and regularly.

The Minister also said no to our pleas for measures to stop unsolicited increases in credit card limits and rejected the plea for a responsible lending test, even though it was articulately advanced by his right hon. Friend the Member for Leeds, West (John Battle). We are therefore concerned that things that would greatly help the interests of borrowers are not being taken into account as fully as they might be in this Bill.

As I stated in Committee, we all agree that the nature of the credit industry has changed beyond recognition over the past 30 years, and particularly during the past 10 to 15 years. That is the whole point of the Bill—to bring provisions and consumer protection up to a level at which it can successfully respond to those changes. As Members on both sides of the House will know, in 1971 there was only one type of credit card. Today, there are more than 1,300. Thirty years ago, £32 million was owed on credit cards, but today that figure is almost £50 billion. In fact, there are now more credit cards than people in this country. With that, a range of new issues have arisen. As my hon. Friend the Member for Hemel Hempstead (Mike Penning) said, when people transfer the balance from one card to another, the initial card does not get closed. Someone drew to my attention recently the fact that, although she thought that she had closed a card because she had transferred the balance, she then discovered that charges were being put against that initial credit card. She was told that that was because she had not reported the card lost or stolen—she could not just close it. To me, that shows a significant loophole in the current way of operating.

Competition within the industry and the ability of consumers to shop around with confidence for credit deals is greater now than ever before. Consumers can now apply for and open accounts over the telephone and the internet, which is relatively hassle-free. While the increases in competition and greater flexibility and access to the market for consumers are welcome, at the same time, the risks and dangers of accumulating debt have become all too apparent. Members will recall that, on previous occasions, I drew attention to specific cases of individuals who have run up multiple debts on numerous credit cards—debts that have been far beyond what their income allows them to repay. As a result, they borrow more and more to try to alleviate their difficulties, but all that that serves to do is to wind them further and further into unmanageable debt. It is a spiral of debt that we all know and many of us fear, which, in a number of the cases cited by Members, has led to tragic consequences.

On the day of the Bill's Second Reading, the *Daily Mail* reported the tragic case of Stephen Lewis, a 37-year-old production worker from Worksop in Nottinghamshire, who ran up debts of £70,000 on 19 credit cards despite earning only £22,000 a year. In the end, he felt that he could escape from that huge debt only by taking his own life, leaving a wife and two children.

Chris Bryant: In all the examples that I have encountered in my constituency or read about in the newspapers, the issue has been new credit rather than any of the old credit arrangements. The new clause, however, proposes to punch quite a big hole in some of the principles of our data protection legislation. I wonder whether it is proportionate to the real problem. Does the problem really lie with the historic credit arrangements that many of us may have? The hon. Member for North Norfolk (Norman Lamb) himself said that he had been with his bank all his life—quite some decades now.

Charles Hendry: I think that if Stephen Lewis's data had been shared more generally, and if the lenders had known that he was already borrowing on a range of credit cards and was well beyond being able to repay the debt on the basis of his income, the lenders would have been more cautious about issuing new cards. That is the kind of case that concerns us.

I should point out to the hon. Member for West Bromwich, West (Mr. Bailey) that the arrangements will not be mandatory, in that if someone says, "You cannot have access to my data", the lender will decide whether lending to that person is appropriate. The lender will have the extra information that he or she may have something to hide. Most of us would be quite happy for our data to be shared because we have nothing to hide, but when people do have something to hide and say, "You may not share that information", the lender should beware. The hon. Member for Rhondda mentioned caveat emptor. I am not sure of the Latin for "the lender should beware".

Mr. Bailey: I understand the hon. Gentleman's point, but it seems to be based on the presumption that the lender will always act responsibly. I am sure that that is true of the great majority of the credit industry, but it does not apply to all of it.

Charles Hendry: The hon. Gentleman had a chance to vote for the responsible lending test in Committee, but he voted against it. We certainly want more responsible lending and we had the opportunity to make that difference. It was disappointing that the Committee did not accept the amendment to which the right hon. Member for Leeds, West spoke so articulately.

I am grateful to my hon. Friend the Member for Putney (Justine Greening) for drawing my attention to a constituency case that she had encountered. A mother, whose anonymity I shall preserve for understandable reasons, wrote:

"My son . . . aged 45 suffers from schizophrenia and is in receipt of anti-psychotic medication for this illness. He has built up a credit card debt of over £30,000 for which he pays interest of about £500 a month. I do not know the exact amount because he will not show me the credit card statements. The incapacity benefit he receives can just about service the interest on the credit card debt. He does not want to go bankrupt and he threatens suicide. In view of his illness it is very difficult to reason with him and he is very reluctant to give up the cards."

All Members of Parliament encounter such cases, which cause tremendous concern and distress. The data-sharing arrangements proposed in new clause 1 could help to deal with the problem.

The background to the new clause is a growing debt problem. The number of bankruptcies and repossessions increased by 25 per cent. last year, the number of appeals to the Consumer Credit Counselling Service increased by 60 per cent., and credit card arrears and bad debts are also increasing. Those problems could become worse. We should take the opportunity that the Bill presents and do all we can to prevent them from reoccurring. That means taking every possible step to ensure that lending is responsible. Lenders should be able to use information to ensure that borrowers can afford to enter into agreements.

We all realise that we cannot stop people borrowing too much when they wilfully give lenders incorrect information about their circumstances or other cards that they have, but we can do much more to make such activities more difficult. Data sharing is a crucial part of the process, which is why we support new clause 1. The new clause aims to make it easier for credit companies and credit reference agencies to share their data, so that it is easier to prevent people from entering into unaffordable agreements.

Most members of the credit industry already share, or are about to share, data on their credit agreements with the credit reference agencies, but some problems remain. Lenders first issued credit long before they would have seen a need to share data and, as a result, many credit accounts do not allow for sharing in their respective agreements. Accounts that were opened before lenders decided to share data are governed by the current legislation. They are not eligible for inclusion in credit files until the account holders consent to the sharing of their data.

In the case of accounts with a long life such as credit card or current accounts, decades may pass before the whole portfolio is available. The new clause seeks to solve that problem. As the number of agreements continues to increase because it is becoming easier to enter into them, and lenders seek more sophisticated means of risk management, data sharing becomes increasingly important.

It is beyond question that lenders have a vested interest in lending responsibly. Only a very few loan sharks make their money by preying on people and leading them knowingly into debt that they cannot afford. Responsible lending reduces credit losses, thus creating a financial incentive for the undertaking of credit agreements that do not place the borrower under financial strain. There is also the issue of reputation: lenders do not want to be seen to contribute to individuals' misfortune.

By entrenching in the Bill the credit industry's right to share data, subject to the protection offered to consumers by the Data Protection Act, we can help to prevent individuals from entering into agreements that they cannot afford. Protection of that kind is one of the fundamentals of the Bill, and as the industry evolves yet further over the next few years and decades, the new clause will help to ensure that the level of protection offered to consumers meets those demands.

Chris Bryant: As ever, the hon. Gentleman is advancing a rational argument, but the new clause gives a very broad definition of the information that is available. Many people would be nervous about the amount of information that might be available as a consequence. A credit card contains a vast amount of personal information about how people live and many would find it worrying that it could be shared quite so readily. Subsection (4) moderates the position slightly, but nevertheless includes a very broad definition of the purposes for which information might be shared.

Charles Hendry: A recurring theme in Committee was the lack of detail in the Bill. The Minister's response was usually that the issues concerned could be resolved in the courts. I should be happy to see an extra schedule or, alternatively, a provision allowing the Secretary of State to issue guidance in statutory instruments. The new clause, however, heads in the right direction. Of course we do not want information about where everyone spends their money to be available to a range of institutions, but if someone has 20 credit cards and has reached the borrowing limit on all of them, it is surely not unreasonable for a lender to have that information before issuing a further card. I agree with the hon. Gentleman that we should be cautious, though. One of the Conservatives' worries about the Identity Cards Bill is the amount of information that would be held and would be generally available.

Mark Lazarowicz: I support the intentions behind the new clause, but may I pick up the point made by my hon. Friend the Member for Rhondda (Chris Bryant)? The new clause allows the use of

"any information relating to the ... financial standing of any debtor".

That could presumably cover details of personal relationships, such as a duty to pay moneys to a former spouse. We need to ensure that we are not giving more extensive powers to credit reference agencies than even the hon. Gentleman would want them to have.

Charles Hendry: One could also argue that, if somebody is looking to take out a credit card or to borrow money, the question of whether they are paying thousands of pounds to a spouse is relevant and should be taken into account in assessing their ability to make repayments. Every time that we take out a mortgage or a loan, we are required to tell the lender about our other outgoings. If we are to encourage responsible lending, it is reasonable for lenders to be able to ask such questions.

1 pm

The thrust of the new clause is supported by the industry and by organisations that exist to protect consumers, such as *Which?* The new clause enjoys support from both sides of the argument, which shows that we are moving in the right direction.

Mark Lazarowicz: We all want to reach the right solution, but under the terms of the new clause, people would have to provide not just financial information but any information. For example, they would have to disclose not merely how much they were paying to an ex-spouse, but any personal information that might have a

[Mark Lazarowicz]

bearing on their financial standing, such as whether or not they have an ex-spouse. The hon. Gentleman's new clause goes too far in seeking to reach an end about which we are all doubtless in agreement.

Charles Hendry: We will all agree that we need to strike a balance between requiring the provision of information that is relevant to a lender's reaching a sensible conclusion about whether lending to a particular person is a fair and reasonable risk, and protecting that person's privacy. However, these issues can be resolved. If the Minister were to say that he accepts the new clause and will bring the Bill back in revised form in another place, but with the word "any" removed, we would be prepared to reconsider this issue.

Mr. Sutcliffe *indicated dissent.*

Charles Hendry: I had a feeling that the Minister might shake his head. We are of course willing to examine different ways of making progress on this issue.

James Brokenshire: Data sharing is a particularly relevant issue to those on low incomes. Reports such as that produced earlier this year by the Joseph Rowntree Foundation show that it is difficult for them to access credit. A further problem, which is accentuated for such people, is credit assessment and the possibility that their circumstances might change. That strengthens the need for greater data sharing in some form or other. The new clause would enable such sharing and ensure that rational decisions are taken, particularly in respect of those on low incomes.

Charles Hendry: My hon. Friend makes an extremely valid point. We are seeking to protect consumers and ensure that they do not get into vast and unaffordable debt. That must be one of the Bill's most important aims and data sharing is intrinsic to making that reasonable aim achievable.

The Minister will be aware that many people would like us to go much further. He will have seen this week's "debt on your doorstep" campaign, in the *Daily Mirror*, for an affordability test. We are not going so far as that, but I hope that the Minister sees scope for moving in this direction, that he understands that we have advanced these arguments because we genuinely believe that such measures will help to protect consumers and that, on reflection, he will accept the new clause.

Mr. Sutcliffe: I am delighted with the quality of our debate on new clause 1, but as Members have said, in discussing it we have to consider the wider context of the Bill, on which there is considerable consensus within the industry, among consumer groups and in all parts of this House. Interestingly, new clause 1 is a joint arrangement between the Conservatives and the Liberal Democrats—a new pact is emerging. That said, I thank the hon. Members for North Norfolk (Norman Lamb) and for Wealden (Charles Hendry) for tabling the new clause, the spirit of which I genuinely accept.

The new clause raises a very important issue that has been debated in the House and by the Treasury Select Committee, of which the hon. Member for North Norfolk was a member. The Government believe that data sharing is a necessary and important means of ensuring responsible lending, but the issues are wider than just those covered by the Consumer Credit Act 1974. They include other types of lending regulated in other statutes, such as the Financial Services and Markets Act 2000, and the important question of data protection, which is regulated by the Data Protection Act 1998. Members of the Association for Payment Clearing Services agreed data sharing principles in 2004 and, among other things, they committed to sharing all data that they are legally able to share.

The Department of Trade and Industry is discussing measures to improve current levels of data sharing with the credit industry, so we are taking the lead that Members have asked us to take. Such measures include working with the credit industry to determine the case for possible legal changes that would allow the sharing of data on accounts dating back to before lenders routinely sought permission to disclose data for credit reference purposes.

Norman Lamb: Is the Minister saying that he shares the objective of addressing the historical problem whereby agreements made before the Data Protection Act 1998 have no wording? Does he agree that we need to find a way to ensure that information and data on such agreements is also shared?

Mr. Sutcliffe: Yes, and it is important that we continue to discuss data sharing with the industry and with the various Departments. As I said in Committee and throughout our discussions, I do not want people to be able to hide behind the 1998 Act in cases where extreme detriment has been suffered.

We have to work with the industry and with the Department for Constitutional Affairs to determine the case for possible legal changes and to identify possible legal routes that allow for the sharing of data on accounts that date back before lenders routinely sought permission to disclose data for credit reference purposes. It is important, however, that the industry be able to show that the benefits gained from the sharing of these data are proportionate to the legislative measures involved. We all recognise how important it is that lenders have the best possible information to make responsible lending decisions, while ensuring that proper safeguards are in place on the use of personal information. Indeed, my hon. Friends have made such points in opposing the new clause.

Discussions are taking place and the DTI is taking them seriously. I am aware of the effect that getting into credit difficulties can have. We all know of tragic cases from our own constituency experience, and I was particularly saddened to hear about the case of the constituent of the hon. Member for Putney (Justine Greening). The Bill's purpose is to ensure responsible lending and that people borrow wisely and when able to do so.

Charles Hendry: How would the Bill prevent cases such as the Putney case from happening again? We have suggested measures that would help, but I am not sure how the Bill as drafted would help in such a case.

Mr. Sutcliffe: The unfair credit test—which can help if things begin to go wrong at the beginning of, or during, the loan period—would be an appropriate way of dealing with such a case. There is also the financial inclusion fund, and efforts are also being made to improve people's financial awareness and education. I understand the spirit of and intention behind new clause 1, but it is not the right way forward at the moment. We want to continue our discussions with the industry; indeed the hon. Members for North Norfolk and for Wealden and I are meeting the banks to discuss a range of issues, of which I hope this will be one.

Norman Lamb: I still do not understand why the Minister thinks that new clause 1 is not the right way to deal with this issue at the moment. It addresses directly a problem that he agrees needs to be addressed. Why is it not the way to deal with it?

Mr. Sutcliffe: The problem is that the new clause would narrow the scope of the Bill and there are wider issues that we need to discuss with the Department for Constitutional Affairs and other bodies.

I understand where the new clause is coming from, but notwithstanding the problems associated with access to personal and other information, its wording is inadequate. Further work needs to be done—not only in this provision, but in other aspects of the financial services industry—to achieve the objectives that the hon. Member for North Norfolk wants to achieve.

Norman Lamb: I am grateful to the Minister for indicating his agreement to the objective of dealing with the problem of historic agreements—I referred earlier to 40 million agreements—where there is no sharing of data. It is a start and it is good that the Minister has agreed to that, but it is not enough simply to say that we need more discussions with the industry.

Mr. Sutcliffe: The hon. Gentleman will know—we have debated it in Committee and elsewhere—that this is the first Bill to deal with the matter for 30 years. We introduced a White Paper and it was discussed with the industry and with consumer groups who welcomed the broad thrust of what the Bill is intended to achieve. I want to sustain that consensus. It is not a matter of simply wanting to talk more with the industry, as regulations will flow from the concept of the Bill and discussions will be necessary again before they are introduced. It is rather disingenuous to suggest that all we want to do is talk; we do not, we want to act.

Norman Lamb: I certainly commend the Minister for being responsible for getting the Bill to this stage, particularly for getting it back on course again when it was effectively lost before the general election. I give great credit to the Minister for achieving that, but the hon. Member for Wealden (Charles Hendry) made the point that the Bill provides a golden opportunity to resolve these problems. The Minister has just made the point that it is a long time since our last opportunity, and if we miss this chance, we know what to expect. Discussions drag on and on between Departments, with the industry and so forth. If we are not careful, we will have missed the chance to act.

Charles Hendry: Does the hon. Gentleman accept that what also makes the new clause special is that it is supported both by the industry and by consumer organisations? Some amending provisions have been supported by one side or the other, but on this occasion both sides are very keen to have the legislation in place because they believe that it will help them either to do a better job as lenders or to give greater protection to consumers.

Norman Lamb: The hon. Gentleman is absolutely right. I made the point in my opening speech that data sharing is in the best interests of the industry and the consumer. Self-evidently, that is why both sides have supported it. It seems right to press the new clause to a vote because it enshrines an important principle and people out there will wonder why on earth we are not taking the opportunity to proceed.

I should like to deal briefly with several points. Labour Members have asked whether it is proportionate to legislate in this way to deal with part of the overall problem of data sharing. Yes, I think that it is proportionate. First, we all know of the horrors that occur when things go wrong. The extent of the mischief that can be done is so serious that we need to be serious about finding ways of resolving the problem. We fully recognise that the new clause does not solve the problem in its entirety, but it is part of the solution. Crucially, proposed new subsection (3)(b) gives the consumer 28 days to respond to the notice that the information and data is going to be shared.

Mr. Sutcliffe: I understand the sincerity behind the hon. Gentleman pressing for a vote. However, both he and the hon. Member for Wealden have said that they enjoy the support of the industry and consumer groups. Have those hon. Members spoken to the industry about the wording of the new clause and, if so, does the industry accept it?

Norman Lamb: Absolutely. The British Bankers Association specifically contributed to the process. The wording is agreed absolutely. It seems to me that the opportunity that the new clause gives the consumer to opt out is the perfect way of dealing with concerns about proportionality and the breaching of the principles of the Data Protection Act.

1.15 pm

Mark Lazarowicz: Will the hon. Gentleman tell the House which consumer organisations have given their agreement to the specific wording in the new clause—not the principle of taking action, but the specific wording?

Norman Lamb: I have spoken with *Which?*, but I cannot, in all honesty, rattle off a list of consumer organisations that endorsed the particular wording. I have carefully considered it and, for what it is worth, I am a lawyer—*[Interruption.]* I understand that that causes a problem for the Minister. I believe that the provision is proportionate and that it is right to put it to the vote.

Mark Lazarowicz: The hon. Gentleman is speaking to the House with the carefully constructed words of a lawyer. He answered my earlier intervention, but it now seems that consumer organisations have not endorsed the specific wording. That is the whole point, because it is the specific wording that is causing problems today.

Norman Lamb: I accept that there has been no endorsement of the specific wording, but I am aware of no consumer organisation that objects to it—*[Interruption.]* The point that I am trying to make is that the new clause is proportionate. First, the consumer is given 28 days to opt out. Secondly, Labour Members complain that some new principle is being created that undermines the whole concept of data protection, but they need to understand that with respect to all the new agreements entered into—the hon. Member for Rhondda (Chris Bryant) referred to them—there is already a wide sharing of undefined data. The Government are not proposing to do anything about what is already a fact of life: a considerable amount of data is being shared in current agreements entered into since the Data Protection Act 1998 and the wording in those agreements provides for that data sharing.

If Labour Members believe that the new clause will undermine the principle of the confidentiality of information, they should be doing something to deal with what is already happening. That is the reality under existing agreements. Through a historic quirk, we are dealing with agreements entered into before the current legislation that triggered standard clauses to deal with the matter. The new clause is designed to address that historic problem.

Finally, it is no good us all wringing our hands and saying, "Data sharing is a good thing; we should all be doing what we can to ensure that it happens", without doing anything effective to make it happen. Unless there is provision such as the new clause or one that achieves the same objective, there will be no sharing of historic data: it is as simple as that.

Mike Penning: We have a golden opportunity here today—though I pay tribute to the Minister, who has dragged the legislation forward, kicking and screaming in some cases—to put in place the protections that the public deserve. That is why the new clause is so important.

Norman Lamb: I completely agree and, in a spirit of co-operation, I say that the hon. Gentleman is absolutely right. If we miss the opportunity that the Bill provides us with now, it could be years before we have a similar opportunity to resolve the problem again. The Minister is not committed to any time scale for sorting the problem out. Talking to the Department for Constitutional Affairs could drag on interminably and will not resolve the problem. That is why it is important for all of us to put pressure on the Government. We do so by pressing the new clause to a vote to get the problem resolved. Without legislative action, it will not be resolved.

Question put, That the clause be read a Second time:—

The House divided: Ayes 106, Noes 234.

Division No. 43] **[1.18 pm**

AYES

Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Carmichael, Mr. Alistair
Cash, Mr. William
Clifton-Brown, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duncan, Mr. Alan
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Foster, Mr. Don
Gale, Mr. Roger
Garnier, Mr. Edward
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Harper, Mr. Mark
Harvey, Nick
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Mr. Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hosie, Stewart
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kennedy, rh Mr. Charles
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Llwyd, Mr. Elfyn
Main, Anne
Maples, Mr. John
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Penning, Mike
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Shapps, Grant
Smith, Sir Robert
Spicer, Sir Michael
Stanley, rh Sir John
Steen, Mr. Anthony
Swayne, Mr. Desmond
Swire, Mr. Hugo
Taylor, Mr. Ian
Taylor, Dr. Richard
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy

Tellers for the Ayes:
Andrew Selous and
Bob Russell

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barron, rh Mr. Kevin
Bayley, Hugh
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Bryant, Chris
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard

Cairns, David
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Donohoe, Mr. Brian H.
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Robertson, John
Robinson, Mr. Geoffrey
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and
Mr. Frank Roy

Question accordingly negatived.

New Clause 2

Access to Information

'(1) Any notice served to a hirer or debtor under the provision of the 1974 Act shall be available in—

(a) formats suitable for persons who are blind or partially sighted, or

(b) languages other than English or Welsh.

(2) It shall be the responsibility of the hirer or debtor to request a notice in a format as set out in subsection (1).'.—*[Charles Hendry.]*

Brought up, and read the First time.

1.30 pm

Charles Hendry: I beg to move, That the clause be read a Second time.

I am grateful to the Minister for the information that he provided me with in a letter yesterday in response to the many questions that I asked in Committee that he was unable to answer at the time. One of my specific questions was how any notice, such as statements of arrears or other statements, that lenders will be required to provide to borrowers under various clauses will be made available to visually impaired and blind people or those for whom English is not their first language. When I raised that issue in Committee, I sensed that it was something that the Minister and his officials had not thought much about. We should take the opportunity to provide greater clarity on what is expected of lenders in the way that they provide information to or communicate with their customers. That is an important issue that the Bill has left aside.

If we are trying to improve consumer protection by providing borrowers with further and more frequent information about their accounts, it is only right that all consumers have suitable access to it, regardless of any disability or barrier, such as language, that they may have. Thus we should ensure that such notices are

[Charles Hendry]

available in formats such as Braille and alternative languages where necessary. The Minister said in his letter yesterday that the Office of Fair Trading would need to be mindful that it is meeting disability and language requirements, but that does not go far enough. Instead, we should make such things a necessity, which is what the new clause will do. That is surely only right to protect consumers against discrimination.

Such a step is also important given that the Bill enshrines the presumption of unfairness, rather than a presumption that an agreement is fair unless proven to be unfair. Lenders need greater clarity about what steps they should take if they are to prove, perhaps some years down the line, that they have acted fairly. The new clause would make it clear that lenders are expected to provide information in a way that is accessible to people who are blind or partially sighted and to provide it in alternative languages for people for whom English is not their first language. Crucially, though, in respect of the subsequent proof of fairness, the onus would be on the borrower to request the information in given format, not on the lender to know what special needs and requirements someone may have.

The new clause is important because the sorts of document required under the Bill are central to its workability. If people do not understand what they are signing up to in a credit agreement, if they do not understand the importance of the arrears notice or if they cannot read the OFT guidance issued to them, they will not be able to enjoy the full protection that the Bill is designed to offer them.

Even if the Minister accepts the new clause, I am conscious of the fact that other matters will be left out. For example, people with learning difficulties may not understand what they are being told in a written document about their rights as borrowers. *The Independent* recently published a letter by the Reverend Paul Nicolson, the chairman of the Zacchaeus 2000 Trust, who said:

> "There are seven million adults in the UK with a literacy age of 11 years, who will not be able to read the leaflets—let alone fill in the forms. The increasing incidence in mental illness has made the need to curb door-to-door lenders even more urgent. There is a lack of volunteer support and legal aid."

I am afraid that I have been unable to draft an amendment that would address that issue. Perhaps we will have to rely on the expert and invaluable advice of the citizens advice bureaux to assist people, but that should not stop us taking action where we can and I urge the Minister to accept the new clause.

Norman Lamb: I rise briefly to say that I support the importance of the new clause. Unless consumers are able to understand such provisions, there is not financial inclusion but ignorance of the requirements imposed on them. It must be right that someone who perhaps cannot speak English or who is blind has the capacity to understand the information in another way. It also seems right that the consumer in those circumstances should serve notice on the lender to the effect that the information is required in another format. So I certainly support the new clause.

Michael Fabricant (Lichfield) (Con): Sadly, we have learned over the past few days what a large proportion of people in the United Kingdom do not speak English or at least do not have English as their first language. All hon. Members on both sides of the House feel that we have a duty of care to all our citizens. For those who perhaps speak Gujarati, Hindi or other languages and bearing in mind the difficulty that some many people face when getting into debt, it is incumbent on the Government ensure that their duty of care is expressed in ensuring that information in languages other than just English and Welsh is made available to those who cannot easily understand English.

Mr. Nigel Dodds (Belfast, North) (DUP): I agree with the thrust of the new clause, but is it not more widely drawn than is suggested? Would it not be open to people who can speak English as their first language to request a notice in another format and a language other than English? It could be open to abuse by those who wish to request information in another language unnecessarily, when they do not need to do so for the purposes of understanding the notice.

Michael Fabricant: My hon. Friend raises an interesting point. Such abuse is always a possibility. As in all cases, reasonability must be the test. However, it is incumbent on the Government to protect the consumer, and this Government and previous Administrations have a good record in that respect. I hope that the Minister, whom I know to be a flexible man, will accept the new clause; but if he does not, I hope that he will certainly assure us from the Dispatch Box that guidance will be given to lenders. Such information must be made available.

Of course, there is another issue. Many of us who have English as first language find it difficult to understand precisely what some of these provisions are all about, even when they are in large type. It is also incumbent on people to ensure that the information is given in clear, plain, understandable English, not in legalese, which is not understandable to the general borrowing population.

James Brokenshire: I want to echo the comments of my hon. Friend the Member for Lichfield (Michael Fabricant). The new clause highlights a wider issue: the clarity of the notices that will be issued under the Bill. As the Minister knows, we are talking about issues such as default notices and getting people to understand their level of debt and borrowing. It is important that we provide protection to ensure that people are given as much opportunity as possible to understand the notices that are given to them.

The new clause touches on accessibility and availability. We know of the implications of the Disability Discrimination Act 1995, which ensures that we have facilities for all people to gain access to understandable information. That is what the new clause seeks to provide. I hope that the Minister will listen to the comments that have been made in the debate.

My hon. Friend the Member for Lichfield raised this issue in Committee and has spoken about Braille and ensuring that those who are partially sighted fully understand their credit and commercial situations. That is important because if someone is in default, charges and other penalties may arise as a consequence. We have

duty of care, as my hon. Friend said, to ensure that people are fully aware of their predicaments, so that if they are getting into increasing debt, they can seek advice, help and assistance to allow them to address their credit situation.

Mr. Sutcliffe: As Members have said, the Bill is a balance between the interests of consumers and the responsibility of lenders to comply with the new requirements and the need to inform consumers.

The new clause would impose obligations on businesses that are already catered for elsewhere, and would impose a significant burden on business. I am surprised that Conservative Members are trying to increase those burdens, as they constantly remind the Government of the many burdens that they think exist already. As the hon. Member for Wealden (Charles Hendry) said, I have written to him on the issue, and I have copied the letter to the members of the Standing Committee and placed a copy in the Library for other Members.

As I pointed out in Committee, it is important to consider the Bill in its context: the other legislation dealing with the provision of business services to disabled persons. So, in relation to providing information to blind or partially sighted persons, the result that the new clause seeks to achieve is already dealt with in the Disability Discrimination Act 1995, which applies generally to business. The Act imposes obligations on businesses to take such steps as are reasonable to make their services available to disabled people. The Disability Rights Commission has published a code of practice on access to goods, facilities and services, which provides advice to businesses as to the manner in which they can comply with those obligations.

Similarly, there is no provision in relation to other languages in the Bill, the Consumer Credit Act 1974 or any similar legislation. Lenders should look to any legislation or codes of practice that may have some bearing on the question. It goes beyond the issue of the provision of notices that can be understood by consumers to more fundamental questions concerning the capability of particular debtors to contract with the creditor. If a person cannot understand documents written in English and the lender knows that, or knowingly disregards it, it may be relevant to the fairness of the relationship when considered in the context of all other relevant factors. Similarly, the regular targeting of consumers who have difficulty in understanding agreements and notices is a matter that could be taken into account by the Office of Fair Trading in assessing fitness under the licensing regime.

As I have said, the concerns of the hon. Gentleman in relation to blind and partially sighted people are addressed generally in the Disability Discrimination Act 1995. As for the question of languages, although I know where he is coming from—I keep repeating that—the Bill provides those consumers with sufficient protection. On a practical level, the new clause would impose a significant, and potentially open-ended, burden on business, which I know that he would not want to do.

I hope that after that explanation the hon. Gentleman will withdraw the motion.

Charles Hendry: I very much endorse what my hon. Friend the Member for Lichfield (Michael Fabricant) said about the need for plain English, which is an issue that runs through so many debates. We have only to study the Bills with which we are presented to see incredibly complicated phraseology. Those of us who do not have the legal expertise of my hon. Friend the Member for Hornchurch (James Brokenshire) find that sometimes we have to read statutory instruments several times to understand them. The same applies to credit agreements. When people are taking out such an agreement they want to know exactly what they are committed to, what their responsibilities are and what happens if they default. I completely endorse my hon. Friends' comments on the need for agreements to be written in plain English.

I endorse too what my hon. Friend said about the nature of the documents. They are extraordinarily important to people and there was much discussion in Committee about how they should be delivered—how we could prove that they had been received by the right person and how they should be addressed. The Minister said that he hoped it could be done in a user-friendly way, but our concern was that it if was too user-friendly people might not understand the severity of the message. The documents should probably be stamped with the words "This is an important document that requires your immediate attention", otherwise companies would not be seen to have fulfilled their legal obligations. There is no doubt that such documents are extremely important, so clarity is essential.

The Minister is fundamentally wrong to say that the provision would impose a big burden on business. The industry is looking for clarity and wants to know what is expected of it. He said that if a lender knows that there is a language problem and knowingly disregards it they will be deemed to have acted unfairly. How on earth can they prove in retrospect that they knew or did not know? Due to the way in which the legislation will change, the burden in court will be on the company to prove that it did not act unfairly. Businesses need to know their responsibilities.

The new clause makes it clear that the onus is on the customer to say that they need information in a particular format and that the company should provide it. If the company did not respond properly, it would certainly have acted unfairly, but that would not be the case if it had not automatically offered the information in 25 languages at the outset. The whole problem turns on the nature of what is unfair—something to which we shall return later in our debate. Lenders need to know what is unfair and what is not.

Our small new clause would provide that if a person wants documents in Braille, large type or a language of their choice, they must be given them in that format; but it is up to them to tell the company. That is not a huge additional burden on business.

1.45 pm

Mr. Sutcliffe: There are codes of practice under the Disability Discrimination Act relating to blind and partially sighted people, so the new clause would be another burden. It is unnecessary because a code of practice already exists.

Charles Hendry: I accept the Minister's point about the Act, but there will be a change in the way that the legislation works. An agreement will be seen to be unfair unless proven to be fair. The new clause is a small change which would make the Bill much clearer—something that those lobbying on behalf of disability groups would welcome. There would be a specific requirement, but the onus to ask for it would be on the consumer.

I realise, however, that the Minister will not accept the new clause. Sometimes when he can see where I am coming from he seems to show no desire to help me to achieve my objective. I can see that we shall not make much more progress on the issue; perhaps it can be addressed further in another place. I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 3

OFT'S GENERAL DUTIES

'After section 1 of the 1974 Act insert—

"1A OFT's General Duties

(1) In discharging its functions under this Act to regulate the conduct of licensees, the OFT must, so far as is reasonably possible, act in a way—

(a) which is compatible with the regulatory objectives set out in subsection (2) below; and

(b) which the OFT considers most appropriate for the purpose of meeting those objectives.

(2) The regulatory objectives are—

(a) lender confidence, to ensure the widest possible access to credit;

(b) the protection of consumers; and

(c) the national interest in having an efficient and innovative consumer credit section.

(3) In discharging its functions to issue guidance and regulate the conduct of licensees the OFT must have regard to—

(a) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(b) the desirability of facilitating innovation in connection with regulated activities;

(c) the desirability of maintaining a competitive market in consumer credit in the United Kingdom; and

(d) the need to minimise the adverse effects on competition that may arise from anything done in the discharge of its functions.".'.—*[Charles Hendry.]*

Brought up, and read the First time.

Charles Hendry: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss new clause 5—*Annual Report*—

'(1) The OFT shall publish a report each year after the passing of this Act reviewing its duties as provided for under the 1974 Act, as amended by this Act.

(2) Reports made by the OFT under subsection (1) shall also review the work of any enforcement authorities, including local Trading Standards Services, who have acted on behalf of OFT as provided for under section 50.

(3) The Secretary of State shall take any report made by the OFT under subsection (1) into consideration when issuing regulations in relation to the 1974 Act, as amended by this Act.'.

Charles Hendry: I return again to the important issue of the powers of the Office of Fair Trading, an issue that has been raised with some concern by Members on both sides of the House on Second Reading and in Committee. The issue highlights once again the lack of detail in the Bill, and I remain as disappointed today about that lack of detail as my hon. Friend the Member for Tewkesbury (Mr. Robertson) was when the Bill was initially introduced in the last Parliament and he dealt with it for the Opposition. Six months on, the detail is still missing, and I venture to suggest that it will still be missing in six years' time, unless a court case has been brought to establish it. What a tragic waste of time and money that would be.

The Bill provides the OFT, and other enforcement authorities operating on its behalf, with wide and open powers to regulate the conduct of licensees. We know that its goal is to achieve better regulation—something we all want—but the exercise of those powers will go practically unfettered. The concepts of unacceptable conduct against which the OFT will be judging licensees' business practices are entirely loose and ill-defined, so their interpretation is left entirely to the OFT. As the measure also includes the power to impose the penalties for committing unfair practice, there is no question but that the OFT will be both judge and jury.

With such broad-ranging powers, I am concerned that the Bill contains no provisions specifying the objectives and purposes towards which the OFT must act. Indeed, there is at present no guarantee that the OFT will perform in the manner that Parliament has in mind. By introducing an "objects" clause, new clause 3 would redress that, and install a vital degree of maintenance of parliamentary control over an organisation to which we are entrusting so much authority.

Indeed, it is invariably the case that Parliament controls the exercise of the discretion enjoyed by a regulatory body. I have previously used the example of the Financial Services and Markets Act 2000, whose opening sections make clear the ground rules with which the Financial Services Authority has to comply. In Committee, I challenged the Minister to give a single suitable reason why the OFT should not be subject to a similar control under the Bill. Sadly, he failed to do so, but now that he has had a couple of weeks to reflect, I am happy to give him another opportunity.

James Brokenshire: My hon. Friend makes an important point about the approach taken for the Financial Services Authority, and the duties and responsibilities that are set out in the Financial Services and Markets Act 2000. The way in which the OFT is intended to operate, and its new regulatory powers proposed in the Bill, is similar to the way in which the Financial Services Authority acts. There is an important parallel to be drawn between the Financial Services and Markets Act and what is proposed in the Bill.

Charles Hendry: I am grateful to my hon. Friend for his endorsement. I know that this is his particular expertise, so to have that support is encouraging.

The interests of consumers will be best protected if the body that is seeking to protect them is clear about what it is trying to achieve. The dangerous alternative is that the OFT is left to make things up as it goes along. That is not good regulation and, indeed, could be immensely damaging for consumers. New clause 3 sets out a range of general duties and a series of regulatory objectives which are, lender confidence, to ensure the widest possible access to credit, the protection of consumers and the national interest in having an efficient innovative consumer credit section. It continues:

"In discharging its functions to issue guidance and regulate the conduct of licensees the OFT must have regard to—

(a) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(b) the desirability of facilitating innovation . . .

(c) the desirability of maintaining a competitive market in consumer credit in the United Kingdom; and

(d) the need to minimise the adverse effects on competition that may arise from anything done in the discharge of its functions."

Michael Fabricant: Earlier on my hon. Friend and others of us on the Opposition Benches talked about the need to protect individuals in relation to language and the use of language so that people could understand what conditions they were letting themselves in for by borrowing. Does he think that the OFT might be more focused by virtue of new clause 3(2)(b), which talks about "the protection of consumers"? Would that direct the OFT in turn to direct lenders that language must be clear, plain and, where appropriate, in the language understood by the borrower?

Charles Hendry: I am even more grateful than usual to my hon. Friend for that timely intervention. Our concern is that the OFT may go all over the place. It may decide to draw its remit as it chooses. We believe that Parliament has a clear idea of what it wants the OFT to do, so the establishment of duties would be helpful to the OFT in knowing what is expected of it. If the Minister disagrees with any of the duties set out in the new clause, perhaps he could let us know. If he agrees with them, again it would be helpful to know. If he does not yet know whether he agrees, perhaps we should know that. Through the new clause we are trying to give lenders and borrowers much more clarity about the role of the OFT. By ensuring that the industry is clear on what is expected of it by the OFT, it will be enabled to do more to meet the interests of consumers. That is what the Bill is all about, but at present that clarity is missing.

The Minister has stressed that improving transparency is one of the fundamental aspects of the Bill. We fully support that aim, but feel that in certain aspects transparency is lacking and improvements could be made. That is the object of new clause 5. It is a further attempt to address our concerns about the OFT's unfettered powers. It will be operating at considerable length from Government and Parliament, there is a lack of any check against its actions and behaviour in relation to licensees, and it will be both judge and jury.

New clause 5 attempts to go some way towards bringing a degree of balance and control back towards Government and therefore Parliament. It places a requirement on the OFT to produce an annual report, reviewing its work and the work of the enforcement authorities acting on its behalf. It further requires the Secretary of State to take the reports into account before issuing any regulations in relation to the Bill.

The annual report will give Parliament a real opportunity every year to see how the OFT is performing in its extended role and will put an early warning system in place if it is not achieving what is hoped and expected of it. It is but one small measure that does not impose any substantial costs or time on the part of either the OFT or the Secretary of State. It would ensure that the work of the OFT is regularly reviewed and monitored, and that the public, consumers and the credit industry have access to information regarding its operation. It is fair and right, given the extensive powers that the OFT is being granted, and I hope that the Minister will accept it.

Norman Lamb: I am absolutely in agreement with the hon. Member for Wealden (Charles Hendry) in terms of the objectives of the new clause, but I am not entirely with him in terms of its content. I know where he is coming from, but I have concerns with subsection (3).

There needs to be a legislative framework for the exercise of these onerous powers; unfettered discretion is dangerous. There is an absence in the Bill of any guidance for the OFT in terms of the exercise of its powers. The case for setting a framework for the discharge of those duties is entirely right. I shall be interested to hear the Minister's response to that case. These issues will inevitably end up being considered by the courts, whether or not there is a framework. It is unattractive, however, to leave everything to the courts—if the courts set the framework without Parliament having any influence over it.

Michael Fabricant: Does the hon. Gentleman agree that it is not only undesirable because Parliament should define to a greater degree precisely what is right and wrong in this instance, but there is the question of time? If we can get the Bill right now—no Bill is ever totally right—businesses will have a clear understanding of where they stand. The courts can take months, sometimes years, to resolve these issues.

Norman Lamb: That is a fair point. I have often known occasions where a case is pending, either in the High Court, the Appeal Court or the House of Lords, and it creates uncertainty. I suspect that these provisions will be tested in the courts, whether or not there is a framework, but the prospects of uncertainty are increased if there is no framework in place. There is a strong case for a framework.

Subsection (2) strikes the correct balance. It clearly identifies the central importance of the protection of the consumer, but it also addresses the need for lender confidence and for having an efficient and innovative consumer credit section. I am not entirely sure what "section" means; I think I understand it, but it is not precise.

Subsection (3) presents me with more of a problem. It is the "have regard to" provision. It is entirely appropriate for the clause to set out a number of factors that the OFT should have regard to in exercising its

[Norman Lamb]

powers, but they seem to be weighted in favour of the industry. Subsection (3)(c) concerns the importance of maintaining a competitive market. One could say that that is important for the consumer, but paragraphs (a), (b) and (d) all relate to protecting the interests of the industry. In that sense it is unbalanced.

It is right for there to be a framework for the OFT to exercise its functions but the new clause does not balance well enough, in terms of the factors that the OFT must have regard to, the interests of the consumer and the interests of the industry.

2 pm

Mr. Sutcliffe: I am glad that normal service has been resumed and that the usual relationship between Front Bench spokesmen has been restored. May I nail down the tactic that the hon. Member for Wealden (Charles Hendry) has used quite charmingly throughout Committee? He argued that the Bill is too general and that there is not enough detail, conveniently forgetting the process that has produced it. A White Paper was published, and there was a full consultation on the issues that it raised. We spoke to all the stakeholders, including the industry and consumer groups. The Bill was introduced, and we tried to get it into good shape through the parliamentary process. He accuses me of lack of detail, but the aim of those procedures is to look at the detail of the Bill. Secondary legislation will flow from the measure and, again, there will be detailed consultations and discussions with industry and consumer groups on any statutory instruments. The hon. Gentleman cannot have it both ways. He cannot accuse the Government of a lack of detail while asking for a full consultation with everyone involved. We must strike a balance.

We had an interesting discussion in Committee about an amendment that closely resembled new clause 3. I explained how the Office of Fair Trading should act with regard to its consumer credit functions, as set out in sections 1 to 5 of the Consumer Credit Act 1974. That includes keeping under review both the Act and relevant social and commercial developments; the enforcement and operation of the Act; the production of information and advice; and annual reporting obligations on the operation of the Act. The provisions of the 1974 Act should be read in conjunction with some of the general provisions in the Enterprise Act 2002, particularly the provisions relating to corporate governance and the OFT board; the requirement for an annual plan and report; and the OFT's more general functions, which are set out in sections 1 to 8 of the Enterprise Act. The ground rules for the way in which OFT operates were laid down when Parliament debated and passed the Enterprise Act in 2002, and they recognised the nature of the role given to the OFT. It was not to be a narrow regulator operating within the terms of a strictly defined remit that could limit its approach to problems. There had to be one set of coherent objectives for the OFT, and the Enterprise Act provided it.

We should remember that the OFT is subject to the usual range of accountability measures such as scrutiny by the National Audit Office and appearances before House Committees. It presents an annual report to Parliament and, in addition, it is a signatory to the Cabinet Office enforcement concordat, which commits it to minimising the costs of compliance for business by ensuring that any action it requires is proportionate to the risks.

Michael Fabricant: Bills are published and there is a regulatory impact assessment, to which the Minister referred. However, who works out that assessment? Often assessments say that there will not be a burden on business or on the taxpayer, but when a Bill is implemented hundreds of millions of pounds are spent. Who worked out these particular figures?

Mr. Sutcliffe: The hon. Gentleman has been in the House long enough to know who works out the figures. The assessments are made by everyone who has an input into the Bill and its effects. The process is not perfect, but people do their best. As Bills proceed, we try our best to make sure that relevant points are taken on board.

I have explained to the House and the Committee our view of the OFT's duties. Sufficient procedures are in place, and the new clause is unnecessary, so I urge the hon. Member for Wealden to withdraw it.

I thank the hon. Member for Wealden for tabling new clause 5, but it will come as no surprise that we shall resist it. It seeks to impose on the OFT a duty to produce an annual report covering its duties under the Consumer Credit Act 1974 and the work done by Trading Standards Services on the OFT's behalf, as provided for under clause 50. It requires the Secretary of State to take any report produced by the OFT under the new clause into consideration when issuing regulations in relation to the Act. I shall break the proposal down into its components, starting with the annual report.

The OFT is already obliged to present an annual report to Parliament under the Fair Trading Act 1973 and the Enterprise Act. The most recent report was published last month, and it reports on the work done on consumer credit under the Consumer Credit Act and the Enterprise Act. When looking at the work of the OFT it is best to look at its consumer credit work in the context of all that it does, not just its duties under the Consumer Credit Act. Secondly, the new clause would require a report on the OFT's duties under the Consumer Credit Act. One of those duties is to keep the working and enforcement of the Act under review and from time to time to advise the Secretary of State about that. That review and advice covers social and commercial developments in the United Kingdom and elsewhere relating to the provision of credit.

The new clause proposes that the OFT should review the work of enforcement authorities that have acted on its behalf under clause 50. I think that the key issue is the fact that when other enforcement authorities act under clause 50 they do so as if they were the OFT. They are under the direction of the OFT, so a report that treats those OFT powers as if they were carried out by a separate body is not appropriate, given that that is already covered in the OFT's report.

Finally, the new clause would require the Secretary of State to take into consideration any report made by the OFT when issuing regulations in relation to the amended Consumer Credit Act. In fact, my right hon. Friend the Secretary of State goes further than that, and consults many stakeholders, including the OFT, before deciding what action to take. The new clause is unnecessary, and I urge the hon. Member for Wealden to withdraw it.

Charles Hendry: I am grateful for the half measure of support from the hon. Member for North Norfolk (Norman Lamb), which is an improvement on what might otherwise have been the case. I am also grateful for his support in principle for the aim of the new clauses.

We can certainly discuss the balance of the new clauses, but we tabled them because we are concerned about the lack of detail in the Bill. I shall deal with the Minister's comments about that in a moment. My hon. Friend the Member for Lichfield (Michael Fabricant) was quite right, as he is on so many matters, that there is a sense of complacency. This is the first time that we have looked at the Consumer Credit Act for 30 years, and we cannot leave it that long to look at the issues again. My hon. Friend may still be here then, as may the Minister, although he will obviously have been in opposition for 26 years. We have been given a tremendous opportunity, and I am disappointed that the Minister did not choose to take it up.

The Minister said that it would come as no surprise that he would reject the new clauses. The only surprise I expect today is his accepting one of my amendments. I hope that a resuscitation unit is available, as it would be quite out of character for him to do so. I am grateful for his detailed and clear response, but my approach is fundamentally different from his. The Minister said that we were trying to have it both ways by asking for detail and a consultation. Consultation, however, will help us to decide what people want in the Bill. One of the things that has been made abundantly clear is the desire for greater detail. If the Minister responded fully to the consultation, he would provide greater clarity in these and other provisions in the Bill.

Essentially, the OFT has a blank piece of paper. Someone will be rubbing their hands and thinking, "Right, I can do what I like." They believe that they do not have to take account of what Parliament has said because they have been given unfettered powers. If Parliament does not like it, that person will be the judge and jury. We have an opportunity to include in the Bill the OFT's role and general objectives. It is a great shame that the Minister does not regard that as desirable or important. I accept that some of our proposals are covered by other pieces of legislation but, nevertheless we should return to this issue. Perhaps the other place can look at it. Accepting that the Minister is standing his ground, however, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 9

NOTICE OF SUMS IN ARREARS UNDER FIXED-SUM CREDIT AGREEMENTS ETC.

Mr. Sutcliffe: I beg to move amendment No. 7, in page 8, line 16—

'(9A) If an agreement mentioned in subsection (9) was made before the beginning of the relevant period, only amounts resulting from failures by the debtor or hirer to make payments he is required to have made during that period shall be taken into account in determining any shortfall for the purposes of subsection (1)(c).

(9B) In subsection (9A) "relevant period" means the period of 20 weeks ending with the day on which the debtor or hirer is required to have made the most recent payment under the agreement.'.

Madam Deputy Speaker: With this it will be convenient to discuss amendment No. 4, in page 8, line 20, at end add—

'(11) This section shall not apply if there is no prejudice to the interests of the debtor or hirer.'.

Mr. Sutcliffe: Well, we need to get the resuscitation team ready, because I have listened to what hon. Members have said and Government amendment No. 7 is the result. This amendment recognises the concerns of the hon. Members for Wealden (Charles Hendry) and for North Norfolk (Norman Lamb) in relation to the issuing of notices of sums in arrears where the agreement has a repayment interval of one week or less.

The amendment alters the circumstances in which the creditor must provide a notice. Previously, for a notice to be issued, the debtor must have been in arrears to an amount equivalent to four missed repayments. The amendment refines that requirement, so that the obligation to give an arrears notice only arises when the debtor is in arrears to the equivalent of four missed repayments within a period of not more than 20 weeks, ending on the date on which the last missed repayment was payable under the agreement. In those circumstances, the lender is required to provide a notice within 14 days of the date on which the last missed repayment was payable.

I do not believe that the amendment will reduce consumer protection. Many consumers in this sector are vulnerable. But this change recognises the flexibility with repayments that applies in respect of many of those agreements. However, where the debtor has problems, and misses four repayments within the specified period of no more than 20 weeks, or five months, they will receive a notice along with information from the OFT to assist them in dealing with any problems they may have.

While I do not condone or accept that consumers should be in arrears, or that lenders should encourage or permit them to think that that is acceptable, the amendment recognises that the way that lenders administer many agreements with weekly repayments is flexible and caters for the odd missed repayment over time. So to that extent, I accept that the provision of notices under the existing clause could be more than is required in such circumstances. I hope that the hon. Gentlemen will be pleased with the amendment.

Charles Hendry: I am grateful to the Minister, especially for meeting the hon. Member for North Norfolk (Norman Lamb) and me last week to talk about the issue of arrears notices. I am pleased that we have been able to agree on Government amendment No. 7 to help to resolve the problems that would have arisen from the Bill's original wording, to which the hon. Gentleman and I drew attention in Committee. That shows how far we can go when the Minister genuinely understands where we are coming from.

The amendment addresses a significant difficulty. In the Bill's original format, there is no distinction between cases in which four payments have been missed in a short period of time, where the borrower is likely to be in arrears, and possibly in some distinct trouble, and cases in which four payments have been missed sporadically, over a much longer period of time. In the latter case, missed payments are likely to have been repaid and amicable arrangements may have been made with the lender. If the Bill does not draw that distinction, lenders will be forced to issue arrears notices to borrowers who, in the latter case, may not be in arrears at all.

The problem is an aggregate one that relates most closely to home credit loans repaid on a weekly basis, where missed payments are not uncommon for most customers during their loan agreement. Indeed, on average, most home credit borrowers miss four payments during the period of a loan. A customer on a one-year agreement might miss one payment at Christmas, because of the increased costs at that time of year; a second in the spring because of a child's birthday; a third in the summer simply because they are on holiday the week the collector visited; and a fourth in the autumn for an entirely different reason. On all occasions, they may have notified the credit company and agreed amicably to repay the missed payments at a subsequent point. However, as drafted, the Bill would require the lender to issue an arrears notice on the missing of that fourth payment, despite the fact that the customer was not in arrears.

2.15 pm

As the Minister said in Committee, the customer would not technically be in arrears. In such circumstances, an arrears notice would cause great stress and concern. It would lead to family tension, as the borrower would be forced to explain why they had been issued with an arrears notice, however user friendly the format of that notice might be, when they would contend they are not in arrears because no additional debts or charges had been incurred.

The requirement would also create a bureaucratic nightmare, as potentially every one of the 3 million home credit borrowers would need to be issued with an arrears notice. That also presents a major administrative burden. Assuming that the cost of writing, posting and administration is just £1 a letter, that represents an extra £3 million in administrative costs, which would inevitably be passed on to borrowers in the form of higher charges, and that is the opposite of what the Bill seeks to achieve.

By reducing the time-frame in which the four payments must be missed before an arrears notice is required to be issued, from the entire length of the agreement to 20 weeks, we can overcome many of those difficulties. I am particularly pleased that the Minister has responded to our request that the period should be 20 weeks rather than the 26 weeks that he initially proposed. I am grateful for his flexibility. A 20-week period will be far more indicative of a customer in trouble, and will help to reduce the unnecessary distress and bureaucracy caused by issuing incorrect notices. Perhaps raising the number of payments missed from four to six would have helped that further, but I nevertheless welcome the Minister's compromise.

I tabled amendment No. 4 to the Bill before I was aware of the exact wording of the Government's amendment, but it remains relevant. I hope that the Minister will not think me churlish after his generosity if I seek to push him one step further. The aim of amendment No. 4 is to ensure that arrears notices will need to be served to customers only if their interests are prejudiced, and that means that they have incurred a charge or penalty on their account. The hon. Member for North Norfolk made that point especially strongly in Committee and it is fundamental to what we seek to achieve.

It looks possible that section 9A of the Government's amendment, which states that

"only amounts resulting from failures by the debtor or hirer to make payments he is required to have made during that period shall be taken into account in determining any shortfall",

addresses that same issue. My hon. Friend the Member for Lichfield (Michael Fabricant) mentioned the need for plain English, and I cannot quite understand the exact meaning of the provision. I would be grateful if the Minister clarified the implication of the amendment in that respect.

I think that the Minister understands why this issue is so important. We totally agree that arrears notices should be issued where a person is genuinely in growing arrears, but we do not think it right that it should be issued if they may technically be in arrears, but that has no other implication for the borrower. To give an example, if I lend the Minister £100—I know that that is highly implausible—to put on the horses this afternoon, he might offer to pay it back in 10 weekly instalments of £10. Of course, as a generous person I would not charge him any interest. If he tells me that he wants to treat Mrs. Sutcliffe to a special night out—we know that he can get a good deal up in Yorkshire—and to miss a couple of payments and so pays it back over 12 weeks instead, he would technically be in arrears, but neither of us would believe that to be the case in reality. It would be a reassignment, with no further debt or charge involved. The same is true in most home credit agreements, so the further change—

Norman Lamb: I hope that the hon. Gentleman will be able to clarify an aspect of particular concern. As amendment No. 4 is drafted, the whole section would have no effect if there was no prejudice to the borrower, but the question is what we mean by prejudice. I agree with him on doorstep lending, when payments are missed, but no extra interest is charged and no default charges are imposed. But what about a situation in which the borrower simply stops paying and misses 10 or 12 payments in a row? The hon. Gentleman and I would probably agree that in that situation, there could be a concern that the borrower was getting into

difficulties. Does he believe that there would be prejudice, or does he believe that if no extra interest is charged, there should be no default notice? I am concerned that the entire section will not apply if the situation is not defined as one of prejudice.

Charles Hendry: I understand where the hon. Gentleman is coming from. We will be glad to complete proceedings on the Bill, so that we can stop saying that.

If the interests of the borrower are not prejudiced—if he faces no further charges, penalties, levies and so on—there should be no need to issue a formal arrears notice. Being in arrears means that some penalty is involved, but if there is none, is it necessary to go through the process of declaring the borrower to be in arrears? They will simply pay back the loan over a longer period, and pay back the amount they expected to pay, not a penny extra. Is it necessary to tell somebody formally that they are in arrears when they may feel that they are genuinely not, having had an amicable discussion with the home credit provider and reached agreement on a different way of repaying the loan?

Norman Lamb: In the situation that I described, where payments simply stop and none have been made for 10 or 12 weeks or more, would it not be right for some sort of notice to be issued to warn the person of the consequences of not resuming the payments?

Charles Hendry: I understand what the hon. Gentleman is saying. If the borrower had simply stopped paying, they would technically be in default, rather than arrears. Arrears would mean that the lender had agreed to reschedule payment over a longer period. If the borrower stopped paying unilaterally, without consulting the lender, the lender would want to issue a notice quickly, to make sure their own interests were protected. Where the borrower has reached an agreement with the lender about how they will reschedule the loan and pay it back over a slightly longer period, and where the lender's interests are not prejudiced, a clear case can be made as to why the borrower does not need to be issued with an arrears notice.

The change is entirely in keeping with the spirit of the Bill and will benefit borrowers, who must be our top concern. I hope that if it is not implicit in the Government's amendment, the Minister will agree to that change now. I know that he has had the opportunity to receive further guidance on the matter, so I hope that he can provide the clarity that I seek.

Norman Lamb: There is no point in repeating what has already been said, so I shall be brief. I put on record my appreciation of the Minister's readiness to meet us, hear our arguments and respond by way of a compromise to reduce the period to 20 weeks. That is a sensible compromise which recognises how doorstep lending works.

My big concern, to which the hon. Member for Wealden (Charles Hendry) has alluded, is that in many agreements there is no prejudice as a result of occasional payments being missed. The two parties agree to postpone the payments, they are paid at a later date, and no extra interest or penalty charge is incurred. In situations where there is no prejudice, it seems over-bureaucratic and potentially quite scary for the borrower to require the lender to serve an arrears notice. The Government amendment is a compromise, but it addresses our concerns in a reasonable way.

On amendment No. 4, I am with the hon. Member for Wealden on the principle of it. I have concerns about the workings of the clause as drafted. It removes the whole of the effect of the section where there is no prejudice. I still have a sense that where payments stop for a considerable period, it may well be appropriate for the lender to have an obligation to serve an arrears notice. My concern was to ensure that the arrears notice was not triggered so quickly in the case of doorstep lending. The principle is right, but I have concerns about how it would operate, given the wording of the amendment.

Mr. Sutcliffe: We must be careful about the principle involved. The first sign of people having debt problems is that they miss payments. That is why we tabled amendment No. 7. It is a dangerous to allow people to miss payments. I feel strongly about that and I hope the hon. Gentleman will withdraw his amendment. It is dangerous and risky.

There is some confusion about whether amendment No. 4 relates to clause 9. It relates to clause 10, which deals with running-account credit. There is no difference between default and arrears. They are both breaches of the agreement. I hope the hon. Member for Wealden will reflect on what I and the hon. Member for North Norfolk have said. The amendment may relieve the bureaucratic burden on business but it is dangerous. I hope the hon. Member for Wealden will not press it.

Amendment agreed to.

Clause 19

UNFAIR RELATIONSHIPS BETWEEN CREDITORS AND DEBTORS

Charles Hendry: I beg to move amendment No. 5, in page 14, line 11, at end insert—

'(2A) In making a determination under this section, a court shall have regard to guidance published periodically by the OFT.

(2B) Guidance produced by the OFT under subsection (2A) shall be approved by the Secretary of State before publication.'.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments:

No. 3, in page 54, line 33, at end insert—

'(2A) The Secretary of State shall not make an order under subsection (2) bringing into force sections 19 to 21 of this Act until advice and information has been published by the OFT in accordance with section 140D of the 1974 Act.'.

No. 6, in page 64, line 35, at end insert—

'(6) This paragraph shall only apply to credit agreements which will continue for two years or more beyond the end of the transitional period set out in subsection (4).'.

Charles Hendry: Clause 19 is undoubtedly one of the central components of the Bill. As I have said, it determines the thrust of what we are all trying to achieve—a better, fairer and more responsive system for consumers. Opposition and Government Members have discussed the new unfair relationships test during

[Charles Hendry]

the Bill's progress through the House, and we all favour that provision, because it replaces the out-of-date "extortionate test", which has failed to offer consumers adequate protection in a market that has changed beyond all recognition in the past 30 years.

The current imbalance, which does not serve consumers' interests, must be addressed, and the new unfairness test is central to achieving that objective. Extensive debate took place in Committee about the nature of the test, and we continue to have serious reservations about the concept of "guilty until proven innocent", which is alien to British law.

We received representations from both sides of the issue in Committee. Lloyds TSB stated:

"The Bill introduces a new unfair credit relationship test, which means consumers can challenge unfair practices and terms in court. However, the meaning of 'unfair relationship' is vague and the scope of the provision is generally too wide for both consumers and creditors . . . The Bill contains no guidance for consumers as to what constitutes 'fair' or 'unfair' to enable them to identify when they have a valid claim. Similarly, there is no guidance for creditors on how they should conduct themselves to ensure that their actions are not 'unfair'. Unlike comparable legislation in respect of unfair contract terms or financial regulation, there is not even a non-exhaustive list of relevant factors."

From the other side of the debate, a charity, Credit Action, stated:

"The presumption that all relations are 'unfair' unless proved otherwise is in itself unfair, excessive and contrary to normal British law."

We also received representations from the Finance and Leasing Association:

"We reiterate our support for the principles behind the Consumer Credit Bill. However, the combination of the lack of information regarding the unfairness test and the retrospective nature of the test hugely increases uncertainty within industry and could impact critically on the UK's £235 billion per year securitisation market. This market has to date been a very important source of capital for many lenders. Industry is concerned that the Government have not taken account of the potential for the market to be disrupted by retrospective application of the unfairness test. Market risks may ultimately have to be revised, thereby having an adverse impact on the credit ratings of securitisation transactions. This could increase securitisation costs and ultimately have a negative impact on competition and cost in the consumer credit market."

Both borrowers and lenders the support the idea that the situation should be clarified, but we will watch the shift to the unfairness test with the greatest care. That concept already exists in employment law—an employer is assumed to have acted in a discriminatory manner unless he can prove that he has not—but we are wary of spreading it elsewhere.

The focus of amendment No. 5 is that the unfairness test cannot achieve its desired effect unless the present lack of definition about what would be considered "fair" or "unfair" is cleared up. The Bill offers no guidance to consumers or the credit industry on the practices that will fall within or outside the boundaries of that test. Indeed, we do not know where those boundaries lie, which is why both the consumer organisations and the credit companies have asked for greater clarity.

The lack of clarity presents problems on both sides. Consumers, without a thorough understanding of their chances of success through the courts, will be deterred from pursuing cases that, if unsuccessful, could only add to their financial difficulties, stress and problems. On Second Reading and in Committee, we heard about how concerned people are about taking such matters to court. They are often people of very limited financial means and, even if they are supported by outside organisations or on legal aid, they are terrified about taking on a multi-billion-pound corporation in the courts.

2.30 pm

The credit industry, without a thorough understanding of what lending practices will be considered inappropriate, will remain unaware of the changes that it might need to make to ensure that its consumers are protected. As a consequence, lenders will be forced to become more cautious in their lending, achieving exactly the result that the Government least want. Those at the margins will be driven to the least scrupulous lenders, to the loan sharks or to the lenders charging the higher rates of interest.

The approach to tackling unfairness in lending must be targeted and consistent. Lenders need certainty from the outset that their contracts are secure and customers with genuine cases need to be clear about where they stand. My amendment aims to reach that level of clarity. It would allow the Office of Fair Trading, under its extended remit as provided for under the Bill, to issue guidance on those circumstances and activities that would be deemed unfair, subject to approval by the Secretary of State. By issuing such guidance, the level playing field that we all want restored will be that much more achievable. The Minister may argue that such guidance is not necessary or that it will somehow act as a constraint, but that argument simply does not hold true, because there are already legislative precedents that show how feasible and effective such guidance can be. The Unfair Contract Terms Act 1997 and the Unfair Terms in Consumer Contract Regulations 1999 demonstrate that it is possible to give sufficient guidance to consumers and creditors by means of a non-exhaustive list of the factors that are relevant to an assessment of fairness.

I draw the House's attention to annexe 1 of the directive on unfair commercial practices, which contains an extensive list of commercial circumstances or practices that are considered unfair in all circumstances. It says that misleading commercial practices include:

"Claiming to be a signatory to a code of conduct when the trader is not . . . Claiming that a code of conduct has an endorsement from a public or other body which it does not have . . . Falsely stating that a product will only be available for a very limited time, or that it will only be available on particular terms for a very limited time, in order to elicit an immediate decision and deprive consumers of sufficient opportunity or time to make an informed choice . . . Establishing, operating or promoting a pyramid promotional scheme where a customer gives consideration for the opportunity to receive compensation that is derived primarily from the introduction of other consumers into the scheme rather than from the sale or consumption of products . . . Passing on materially inaccurate information on

market conditions or on the possibility of finding the product with the intention of inducing the consumer to acquire the product at conditions less favourable than normal market conditions"

and

"Conducting personal visits to the consumer's home ignoring the consumer's request to leave or not to return except in circumstances and to the extent justified, under national law, to enforce a contractual obligation."

All hon. Members would endorse those as activities that would be unfair in all circumstances. There is therefore no good reason why a clear standard could not also have been applied to the Bill.

I also draw hon. Members' attention to the OFT guidance that was issued to all Standing Committee members by the Minister prior to the proceedings, in which the OFT was able to indicate examples illustrative of scenarios where it would consider imposition to be a requirement on licensees. If the OFT is capable of offering these examples, that clearly demonstrates that it is also capable of issuing guidance and examples relating to unfairness. That is a perfectly logical and sensible follow-on, and it is what the amendment calls for.

Unclear and ill-defined legal frameworks do not represent good law making and, in this case, do not represent positive steps towards offering better protection for consumers. We should realise from the precedents that the opportunity is there for us to give the Bill more authority and certainty. I firmly believe that we should seize that opportunity.

Amendment No. 3 aims to ensure greater certainty about what is meant by unfair relationships. Further to amendment No. 5, it requires the Office of Fair Trading to publish guidance on the scope of the unfairness test before the provisions on unfair relationships come into force. It would be unfair and inappropriate if the test were introduced before the advice and information was published.

The new provisions will clearly have a major impact on the way in which credit companies operate but they are not clear about the extent to which those companies may need to change their practices to conform with the Bill's requirements until they have the information. As we know from the Consumer Credit Act 1974, such changes can take a considerable time to implement. It is therefore right and proper that companies receive as much notice as possible. Any mistakes caused by unnecessary hurrying will impact negatively on the consumer.

Let me deal with amendment No. 6 on retrospection. Hon. Members know that the new unfairness test will apply retrospectively to any credit agreement that continues beyond the transitional period, which is set at one year from the date of the commencement of clause 20. Although I do not believe that applying law retrospectively is normally appropriate—indeed, it often represents bad law making—it is necessary in the circumstances that we are considering.

Many credit agreements run for a considerable length of time. Without a retrospective dimension to the Bill, too many people will be left uncovered by the protection that it offers. Given the extent to which the credit industry has changed in the 30 years since the 1974 Act, that would be unacceptable.

Nevertheless, I am worried that the Bill will create substantial unnecessary bureaucracy in relation to retrospection because of the number of shorter-term agreements that could be caught in its grasp. For example, an existing credit arrangement that is due to finish a few months beyond the transitional period will be subject to the provisions of the measure because of those few months. The cost, administration and time expended by lenders on adapting their processes to meet the changes will be significant. As we all know, those charges will be passed on to consumers in higher interest rates or additional charges. The amendment therefore excludes those agreements that will expire in two years after the transitional period. I am not wedded to the two-year period and would be willing to consider a shorter time if that would make it easier for the Under-Secretary to accept the principle of the amendment and if he undertook to table a Government amendment in another place. However, the principle is sound. The new rules and regulations would come into force, as currently planned, for agreements that last longer than two years after the one-year transitional period at the end of that transitional period. We should try to keep bureaucracy to a minimum for agreements with only a short time to run. It will ease the transition process for lenders and consequently help to alleviate the risks of consumers bearing extra costs.

The amendments therefore emphasise a desire for greater clarity in the Bill. The Under-Secretary has resisted accepting such proposals throughout our proceedings and I suspect that he will do so again, but I hope that, on reflection, having heard the argument once more, he will be prepared to budge.

Norman Lamb: We support the change in the test. The current test in the 1974 Act has been shown not to be fit for today's consumer market and it must therefore change. An unfairness test generally appears to meet the requirements. It provides some flexibility and it seems appropriate for today's substantial market. However, the lack of clarity and guidance creates genuine concerns.

The hon. Member for Wealden (Charles Hendry) referred to the burden of proof, which effectively means that one is guilty until proven innocent. That imposes an onerous burden. There is no guidance about what would subsequently be deemed unfair by a court and that is an unattractive scenario for the lending industry. It is also unattractive for consumers who are left simply not knowing their rights. The lack of clarity is dangerous in law making for the interests of both the consumer and those whom the measure seeks to control.

It has been said many times by many people, including me, that a court will inevitability consider this test at some point, and lay down guidelines. Is the Minister saying that he wants a court to provide that greater clarity for the industry and the consumer? I do not think that that would be satisfactory. First, it could take months or even years before we learn what the court decides the right guidelines should be for interpreting the unfairness test. Secondly, is it right that a court, rather than Parliament or a body accountable to Parliament, should determine those guidelines? That is an unattractive proposition.

The hon. Member for Wealden referred to other legislation in which attempts had been made to provide guidelines as to what is meant by unfairness, in the particular context of the legislation. He cited the Unfair Contract Terms Act 1977 and certain employment

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legislation. There are myriad guidelines for understanding what is meant by unfair dismissal. The ACAS code of practice is a case in point. It is provided by ACAS to help employers and, crucially, employees to understand the duties involved. In the context of this legislation, however, there is nothing. That is a serious concern, both for lenders and consumers.

Mr. Sutcliffe: I am trying to resist the temptation to get involved in a discussion about unfairness. The hon. Gentleman must consider this issue in the context of the Bill and of the other measures that appear alongside the unfairness test. The whole purpose of the Bill is to provide for transparency and responsible lending. I shall resist going into detail about the unfairness test, because I know that I am not going to convince the hon. Gentleman or the hon. Member for Wealden (Charles Hendry) of its appropriateness, but I ask him to consider the matter in the context of the Bill.

Norman Lamb: I absolutely understand the context and I am completely with the Minister in his aim of achieving transparency and responsible lending. I was talking about that earlier in relation to data sharing and it is absolutely the correct objective. That is why I generally support the test of unfairness. It will have a real effect in changing the culture in parts of the industry, and I hope that it will also address the concerns of the people who argue for a cap on interest rates. Under the test, we shall be able to consider all the circumstances, including the wording of the agreement and the behaviour of the parties involved. That is a good thing, but the Minister cannot deny the fact that there are no guidelines on how the provision is to be interpreted. A court will inevitably end up defining that, because Parliament has failed to do so.

Mr. Sutcliffe: The concept of unfairness exists in relation to other financial matters. To suggest that this is completely general flies in the face of the fact that such provisions exist elsewhere. Why is the hon. Gentleman trying to tie down what the court may consider? It is 30 years since the existing provisions were introduced, and there could be new ways of doing things that we have not been able to consider, yet he seems to be suggesting that we tie down the ability of the court to consider all these issues. He makes a fair point on interest rate caps and the unfairness test will deal with that issue.

Norman Lamb: The Minister is right to say that, at any one time, we might not have considered developments and practices that emerge at a later date. However, if guidance were to be

"published periodically by the OFT",

as the amendment suggests, that would provide the flexibility that he is looking for. It would mean that the guidance could address new developments and practices that had not been thought of when the Bill was introduced. I do not think that he has made an argument for resisting the amendment. In addition, his challenge to me was: why should we seek to tie down the provision? I am not doing that. It does not have to be prescriptive and say that unfairness is, "This and this alone." As the hon. Member for Wealden outlined, however, a test in guidelines could say that particular practices will always be deemed unfair. That does not prejudice the generality of the provision, which allows the Office of Fair Trading and the courts to consider a wider range of practices and ways of behaving, and to rule ultimately that those other practices are also unfair.

2.45 pm

Mr. Edward Vaizey (Wantage) (Con): Does the hon. Gentleman agree that that is precisely the point? At the moment, the consumer has absolutely no guidelines. Surely, under such a Bill, it is incumbent on some official body to give the consumer some guidelines as to what "unfair" means.

Norman Lamb: I agree. It is important both for the lending industry and consumers to have a greater understanding of what is intended by Parliament. We are sitting as Parliament setting new rules yet none of us can say precisely how this provision will be interpreted. It is right to provide flexibility for the future, but the amendment does that, as it enables the Office of Fair Trading to meet new developments, practices and procedures that might cause concern. It does not cast the provision in stone but provides the flexibility that the Minister seems to want.

The issue seems to come down to a choice between setting the guidelines through a body that is ultimately accountable to Parliament or allowing the court to do it for us. It will be one or the other—we all know that. The Minister seems to prefer the court doing it at some indeterminate date. I prefer a body that is ultimately accountable to Parliament to set the ball rolling and to have the flexibility to amend the guidelines.

On retrospection, the hon. Member for Wealden raises a legitimate point: two years is too long. It would be too much of a bureaucratic burden suddenly to impose all the new obligations in relation to contracts that are about to expire, but the provision of two years goes too far. I hope that the Minister might respond by accepting that the Bill should provide for a shorter period to exclude agreements that are due to conclude very soon.

Adam Price (Carmarthen, East and Dinefwr) (PC): I had not intended to speak on this clause, but I was prompted by the comments of the hon. Member for North Norfolk (Norman Lamb). A fundamental principle is at stake as to who makes law. If the Minister will forgive me, there is a circularity in his argument that we do not want to bind the hands of judges. Actually, judges want precisely such clarity from legislators—they do not want vague legislation because that will inevitably lead to a lack of clarity, and if the hon. Member for North Norfolk will forgive me, only lawyers can gain from that in the long run. We need Parliament to be clear.

As we know, the first thing that a judge will do in such cases is to say, "What was Parliament's intention?" They will look at the Committee *Hansard* and at the comments of the Minister in particular. The problem is that the Minister refuses to be drawn on the issue of unfairness. The judge will therefore be left in the peculiar situation of having to interpret unfairness when

the Minister and the Government have refused to give any guidance. Precisely that court-based approach has led us into this cul-de-sac, under the Consumer Credit Act 1974, with extortionate lending. We ended up with a very narrow interpretation, which was not the fault of the judiciary but of that Bill, too, because the Government did not set out clearly what was Parliament's intention.

Mr. Sutcliffe: I realise that I am not following my own advice. I am getting involved and trying to make everyone understand where we are coming from.

The hon. Member for Wealden (Charles Hendry) mentioned the unfair contract regulations and the unfair commercial practices directive. There are already guidelines on what can be considered, which deal with specific issues in the regulations. The unfair credit test involves the substance of agreements and relationships. That is the point that Members are missing. It is the substance that we want the courts to be able to consider.

Adam Price: I am not a lawyer, but I think that there is a problem here. It is possible that judges could draw on precedent in the form of definitions of unfairness deriving from common law, case law and so forth, which might not coincide with the Government's underlying objective. Unless the Government are specific in this context—for there is case law on unfairness in other contexts—the definition eventually handed down by the courts may not be the one that the Government want. The amendments allow flexibility, so that the general definition can reflect changes in the consumer credit market over time. Ultimately, however, given the direct impact that this may have on our constituents, Parliament should decide on the definition rather than a judge handing down some landmark judgment in a couple of years.

Mr. Sutcliffe: As we have discussed unfair relationships at some length today, in Committee and on Second Reading, I will not allow myself to be drawn back into the debate—

Mr. Vaizey: The hon. Gentleman is already doing that.

Mr. Sutcliffe: It may indeed occur.

Amendment No. 5 tries to do two things. First, it seeks to require the court to have regard to any OFT guidance on the unfair relationships provisions when making decisions under clause 19. Secondly, it seeks to require the Secretary of State to approve any OFT guidance on unfair relationships before it is published. As the unfair relationships provisions make clear, the court may have regard to any relevant matter.

The amendment seems to assume that the test is somehow dependent on the OFT's guidance. It is not. The OFT's guidance is simply that: guidance. It will set out the circumstances in which the OFT will act under its powers in part 8 of the Enterprise Act 2002, and it will not seek to interpret or define unfairness. It is not one of the OFT's functions as a regulator to interpret the law for the courts. The courts are not bound by the OFT's guidance and need not have regard to it if it is not relevant to the specific case. Obviously, if the guidance is relevant, which we could expect it to be quite often, the court may have regard to it. The court's application of the new test need not and should not be linked to the OFT's guidance as the amendment suggests. Indeed, as it can have regard to the guidance, the amendment is unnecessary.

The hon. Member for Wealden (Charles Hendry) also wants to make the OFT's guidance on the unfair relationships provisions subject to the Secretary of State's approval. That appears to be based on the requirement in the Bill relating to the OFT's powers to impose civil penalties. In that instance, the OFT is prevented from imposing a civil penalty until it has published a statement of policy that has been approved by the Secretary of State. Given the seriousness of that power, which goes beyond the usual regulatory functions, the Government felt it necessary for the statement of policy to be approved by the Secretary of State.

In the Enterprise Act, Parliament reconstituted the OFT as an independent regulator. Parliament decided that the way in which the OFT used its powers to enforce the legislation for which it is responsible should be free of ministerial control. The amendment would fetter that freedom. It would mean that the way in which the OFT used its enforcement powers in respect of unfair relationships would be subject to ministerial control. We do not accept that that should happen and I earnestly ask the hon. Gentleman to consider withdrawing the amendment.

Amendment No. 3 also appears to suggest that the unfair relationships provisions depend on the OFT's guidance for their meaning and effect. They do not. The OFT's guidance is simply that—guidance. It is guidance on the circumstances in which it will take action, under its powers in part 8 of the Enterprise Act 2002, against creditors who enter into unfair relationships. The 2002 Act provides that the OFT may take action against a breach of specific statutory requirements, including through the unfair relationships provisions, where harm is done to the collective interests of United Kingdom consumers. The OFT's guidance will not seek to interpret or to define an unfair relationship, although it could refer to conduct that it considers may give rise to, or contribute to, unfair relationships.

Mr. Vaizey: The Minister said in Committee that the unfair credit terms regulations do apply. Will he confirm that he meant the Unfair Terms in Consumer Contracts Regulations 1999? If they do apply, the OFT could surely make that clear in its guidance.

Mr. Sutcliffe: People have to comply with the regulations, and the OFT could indeed make that clear. I hope that that satisfies the hon. Gentleman and clarifies the position regarding the unfairness test, although I suspect that it does not, given his view of that test.

The test operates independently of the OFT's guidance and, as I said, the courts are not bound by the guidance and do not have to have regard to it. Obviously, if the guidance is relevant—we can expect that it often will be—the court may have regard to it. A court's application of the new test need not—indeed,

[Mr. Sutcliffe]

should not—be linked to the OFT's guidance in the way suggested in the amendment. I therefore ask that the amendment be withdrawn.

Adam Price: Notwithstanding the fact that the Minister does not want be drawn down this particular road, will he confirm that, as he seemed to suggest in a recent radio interview, a failure to take account of the ability to pay would constitute unfairness in this context?

Mr. Sutcliffe: Here we go again. The last time that we discussed this issue, I doubtless referred the hon. Gentleman to the Pepper *v.* Hart judgment, pointing out that Ministers do not set specific parameters because that could restrict us in what we are trying to achieve. On the example that he gives, I believe what he says to be right, although perhaps my saying so will cause further problems. None the less, if that is what I said on the radio, it must be right.

Amendment No. 6, which I have had some problem understanding, seems to provide that the unfair relationships provisions should not apply to agreements made before those provisions are brought into force, but which end within a period of two years from the end of the transitional period. It seems to provide an additional transitional period to the transitional period already provided for in the Bill, thereby misconceiving the way in which the transitional provisions work. For the sake of clarity, I will explain those provisions again.

The unfair relationships provisions will apply to all new agreements entered into after the day on which those provisions commence. There is no transitional period for these agreements; indeed, there is no need for one. The unfair relationships provisions will apply only to existing agreements made before the day on which these provisions commence, and which are ongoing after the completion of a transitional period. The provisions will not apply to any such agreements that end before the completion of the transitional period.

The transitional period will be a minimum of 12 months, and the Secretary of State may extend it by order. Different transitional periods may apply to different classes of agreement, so there need not be one transitional period. There may be several, each applying to different classes of agreements, and they may be for different lengths of time. The Department will consult the industry to determine whether particular types of agreements should be treated differently, and it will consider the circumstances in which the period should be extended. Indeed, it has had some preliminary discussions with industry groups.

The amendment would add a further transitional period to the transitional period provided for in the Bill. The transitional period is intended to provide creditors with time to adjust. We have set the minimum period at 12 months, but as I said, it can be extended by different periods for different types of loans. The provisions are flexible, and we have built in the ability to change the requirements if necessary. I therefore hope that the hon. Member for Wealden accepts that the amendment is unnecessary, and that he will withdraw it.

Charles Hendry: I am disappointed with the Minister, as we hoped that he would be prepared to think again about this issue. The clarity that we are seeking through this amendment is something that everybody wants, including all the parties, his own colleagues and all those who spoke on Second Reading. Members even wanted such an amendment in Committee; they simply failed to vote for it.

There is a huge demand for greater clarity and I believe that the Minister will, in time, look back and regret the missed opportunity. The Bill will be less effective and the interests of consumers will be prejudiced. The people whom the Minister is most seeking to protect will suffer the most, because lenders will become more cautious. Perhaps, in many years' time, when the Minister is wrapped in ermine and writing his autobiography entitled, "I Can See Where You Are Coming From", he will realise that he missed a golden opportunity. He had the chance to make a difference, but did not take it. We must now expect huge delay before the legislation will work effectively.

3 pm

The Minister said that the twin purposes of the Bill were transparency and responsible lending. However, unless the detail that we are asking for is there, neither of those purposes will be brought effectively into practice. The Minister is condemning us to leaving all the sorting out to the courts. That means that we will have to wait years. It will take many years for cases to be brought to court, go through all the appeals processes and the rest of it. It will also cost a phenomenal amount of money. As was said earlier, the only people to benefit are the lawyers. It could not have been the hon. Member for North Norfolk who said it, because he is a lawyer. *[Interruption.]* Yes, perhaps he can see a new career opening up for him outside this place. The costs will be huge.

We heard earlier about the fear factor—the sheer concerns that people will have when they face the option of taking on a massive multi-billion pound corporation in the courts. People will decide that they simply cannot go through with it. Even if they have full backing from the consumer associations, they will say that they just cannot face going through it all and will back down. The issue will drag on for longer and longer. Once a judgment is eventually reached, there will be debate about its implications. Either it will mean that the lenders could have been less cautious in the intervening years—they will subsequently know with greater clarity what they can do—or alternatively, millions of agreements will have to be rewritten and compensation paid because the system was not clear enough in the first place.

All we are asking for is more clarity in defining fairness. It does not have to be absolutely detailed; it could be as we cited in the European directive, setting out some measures that could be agreed on all sides to be clearly unfair in all circumstances. That would have been a step forward in itself and I think that it is profoundly sad that the Minister is not prepared to move further on that. As I said, everyone is calling for this change: the industry wants it, consumer groups want it, Members on both sides of the House want it. It is very sad indeed that the Minister will not concede any ground.

I hope that another Minister will look at the problem again in the other place and I hope that that Minister can find another way forward. The Minister is determined not to give ground, so I am prepared to withdraw the amendment. I was glad to hear about the flexibility that already exists in respect of the transitional period. That provides some of the reassurance that we are seeking. I am sorry to end Report on a discordant note, but I have to say that the Minister has an opportunity to show that he has really listened to the demands that came out of the consultation. It is a matter of great sadness to all of us that he is not prepared to do so.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 48

ENTRY TO PREMISES UNDER WARRANT

Mr. Alan Reid (Argyll and Bute) (LD): I beg to move amendment No. 2, in page 41, line 19, leave out 'includes a reference to' and insert 'means'.

We move the amendment on the suggestion of the Law Society of Scotland. Its purpose is to ensure that, in Scotland, only a sheriff and not a justice of the peace will be entitled to grant the search warrants provided for in clause 48. I discussed the issues before tabling the amendment and discovered that the Law Society of Scotland takes the view that the powers to grant the warrants under the clause should extend in Scotland only to sheriffs.

A justice of the peace in Scotland, unlike in England and Wales, may not be legally qualified and so may be unfamiliar with the criteria for granting the warrants under clause 48. Limiting the power to sheriffs would also bring the Bill into line with recent legislation passed in this House. For example, sections 289 and 290 of the Proceeds of Crime Act 2002 relate to the approval of a judicial officer for searches under section 289. In Scotland, that power is limited to sheriffs whereas, under section 290(3)(a), in England and Wales the judicial officer is a justice of the peace.

Another example is the Crime (International Co-operation) Act 2003, section 17 of which provides that warrants may be granted by a justice of the peace in respect of England, Wales and Northern Ireland. In contrast, section 18 provides that, in Scotland, warrants may be granted only by a sheriff.

Again, section 156 of the Extradition Act 2003 provides that search and seizure warrants may be granted by a justice of the peace in England and Wales, but section 156(1) makes it clear that a sheriff grants them in Scotland. Finally, section 38 of the Asylum and Immigration (Treatment of Claimants Etc.) Act 2004 provides that, in Scotland, only a sheriff will be involved in granting warrants.

The Law Society of Scotland suggests that clause 48 of the Bill is similar to the four recent Acts to which I have referred, and that the appropriate authority in Scotland for the granting of warrants is the sheriff. Amendment No. 2, therefore, would maintain consistency in the law on search and seizure warrants in Scotland, and ensure that the warrants under clause 48 are granted only by officials who are legally qualified.

Mr. Sutcliffe: I thank the hon. Member for Argyll and Bute (Mr. Reid) for the amendment, but I shall be consistent to the end and say that we intend to resist it.

The hon. Gentleman suggested that the amendment is intended to make the Act consistent with other legislation, such as the Extradition Act 2003, the Proceeds of Crime Act 2002 and the Asylum and Immigration (Treatment of Claimants Etc.) Act 2004. The Bill is concerned with the regulation of the affairs of businesses and consumer protection, and the provision under discussion covers entry into premises to obtain information in relation to fitness to hold a consumer credit licence. It is, therefore, not in the same league as the other legislation to which I and the hon. Gentleman have referred.

The Bill is consistent with the 1974 Act, which at section 162(3) provides that in Scotland justices of the peace and sheriffs may issue warrants to enter premises. The clause is also consistent with section 176 of the Financial Services and Markets Act 2000, section 297B of the Copyright, Designs and Patents Act 1988, section 111 of the Medicines Act 1968, and section 1 of the Breeding of Dogs Act 1990.

I can understand the concern expressed by the hon. Gentleman about warrants in cases where there is a considerable risk of criminal activity, imprisonment or danger to affected persons. However, the Bill does not fall into that category, and for that reason we have made it consistent with the 1974 Act and similar legislation such as the Financial Services and Markets Act 2000.

Furthermore, from a practical perspective, the amendment would place an additional burden on the sheriffs and mean that, in addition to their already considerable responsibilities, the OFT or trading standards officers would always need to obtain warrants from them. The Bill provides the regulator with the flexibility to obtain a warrant from a judicial officer without undue inconvenience.

I hope that that explanation will be sufficient for the hon. Gentleman to withdraw the amendment.

Mr. Reid: The Minister listed various Acts from several years ago, under which a justice of the peace as well as a sheriff is able to grant search and seizure warrants. I shall take careful note of what he said, and look at the provisions in those Acts. I shall also discuss the matter further with the Law Society of Scotland. We may return to the matter in another place, but I shall consider the Minister's response before taking it any further.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Order for Third Reading read.

3.10 pm

Mr. Sutcliffe: I beg to move, That the Bill be now read the Third time.

The House has considered the Bill at some length and on several occasions, and I am pleased with the consensus that we share on many of the issues. With the

[Mr. Sutcliffe]

Bill, we are creating a modern framework for the regulation of consumer credit in the United Kingdom. We want a market that is fair and that rewards competitiveness, innovation, choice and enterprise, but we also want to stamp out the irresponsible and unfair lending practices that do so much to harm many consumers. I believe that the Bill fulfils those aims.

The Bill is the centrepiece of the most ambitious reform of consumer credit regulation since the early 1970s. The reform process involves not just legislative change, but a cross-Government strategy to tackle the problems of over-indebtedness in our society. Dealing with debt is more than just a consumer credit issue. Among other things, we are looking at why people get into debt problems and how to deal with the causes of those problems. We are funding more face-to-face debt advice for consumers, with £45 million over the next two years from the financial inclusion fund, and we are considering the best ways to tackle the pernicious problem of illegal money lending.

This long-awaited Bill has much support from consumer and industry groups and from hon. Members on both sides of the House. I thank hon. Members for contributing to our debates on the Bill. The involvement of all hon. Members who have explained their experiences has been invaluable in developing the Bill. I am grateful, in particular, to my hon. Friend the Member for North-West Leicestershire (David Taylor) and the hon. Member for Old Bexley and Sidcup (Derek Conway), who chaired the Committee so effectively, and to the hon. Members for Wealden (Charles Hendry) and for North Norfolk (Norman Lamb) and all the other hon. Members who served on the Standing Committee. Hon. Members' support for the Bill is reflected in its swift progress in this Session.

From our constituency postbags, we know of the many problems that people suffer because of debt. The debate on Second Reading gave us the chance to hear about many of those problems and the issues that affect business in developing an effective credit market. The Committee sittings offered us a chance to discuss with hon. Members concerns about specific aspects of the Bill.

In what I hope will be the final debate on the Bill in the House, I should like to concentrate on a number of issues that have been of interest to hon. Members. In Committee, the hon. Member for Wealden asked many pertinent questions about issues of great detail. As he said, I have written to him to answer those questions, and hon. Members can find copies of those answers in the Library. Although I understand where the hon. Gentleman's concerns are coming from, it is important to remember that the Bill will provide a framework for regulation. It will allow Parliament to impose general requirements that can be fleshed out in secondary legislation. So we will consult on that detail and can adapt it to changing circumstances.

Hon. Members will recall that I recently took great care to explain the unfair relationship provisions to the Committee. Those provisions must be considered in the context of the laws that deal with specific unfair practices and terms, as well as the way in which the courts will apply the law, and I will not get involved in that issue again today. We have considered extensive arguments from across the sector, and I believe that those provisions constitute the most effective means for consumers to obtain the redress through the courts, if they choose to take that route when resolving their dispute. The approach taken in the Bill is a solution that provides comprehensive and flexible protection for consumers, while allowing the industry to make credit available to all, not most, consumers and to continue to innovate.

Some hon. Members are concerned about the powers of the Office of Fair Trading. We must ask ourselves whether the body that enforces the Consumer Credit Act 1974 should have the power to investigate potential wrong-doing and whether consumers should be able to operate confidently in the market, safe in the knowledge that they are dealing with responsible lenders. The answer to both questions is yes. The Bill will provide a regime that ensures that there is fairness for consumers, that businesses are competitive and that the regulator has the powers that it needs to ensure that is so.

The OFT does not have an unfettered power to act. As a public body, it is has a responsibility to act reasonably and proportionately. In relation to its powers under the 1974 Act, it is subject to certain constraints and to an independent appeals tribunal. The powers that the Bill will give to the OFT are an essential foundation for a modern and effective consumer credit market. They are not a luxury. So if we enable the regulators to penalise misconduct, we must also enable consumers to resolve disputes for themselves. That involve introducing a system that is cheap, fair and easy to use. The alternative dispute resolution scheme in the Bill is all those things. It is informal. There is no need for hearings; a dispute can be dealt with in writing and issues can be cleared up over the phone. It can adapt to changes in the market quickly. Not only will it empower consumers to act with confidence in the market, it will also ensure stable competition across the credit sector.

In Committee, I noted some suggestions that clause 24 would impose a requirement to be licensed on retailers who do no more than hold on to a card at the point of sale when requested to do so by the card issuer. It is certainly not the Government's intention to include that in the definition of debt administration. At that time, I said that if, on reflection, the clause was wrong in that respect we would table an amendment to clarify the position. Having considered the issue carefully, I have concluded that the definition of "debt administration" does not include holding on to a card at the point of sale when requested to do so, thus no amendment is necessary.

Members will be aware of the speed with which the Bill went through Committee, which is an indication of the broad degree of consensus that surrounds it. As it stands, the Bill fulfils everything we set out to do. However, the Government have always listened, and will continue to do so. We have listened to the concerns of Members about the timing of notices of sums in arrears for short-term credit, which we discussed earlier, and have now made an adjustment. In the context of the Bill, I have committed to look further at other issues.

I have restated the Government's commitment to look further at the issue of credit card cheques under secondary legislation, and the Department is working on that. Similarly, I have arranged, with my Front-Bench counterparts, to meet the credit card industry on

18 July, before the recess, to discuss how industry is addressing, through self-regulation, concerns about unsolicited increases in credit card limits.

The Bill enjoys wide support both in the House and among consumer and industry groups. Some aspects of the Bill give rise to concerns, and I have no doubt that they will be explored again in this debate and as the Bill goes through the other place. However, after more than four years' work, I believe that the Bill represents the foundation of a fair and competitive 21st-century consumer credit market. It enhances consumer rights and redress, while giving business confidence that it is competing in fair markets that are fit for the modern world. It encourages effective competition, driven by demanding and discerning consumers.

The Bill is important and I commend it to the House.

3.17 pm

Charles Hendry: I have been delighted to have the chance to lead for the Opposition on such an important Bill, which will help to bring consumer protection in the UK up to speed with the considerable changes that have taken place in the credit industry in the 30 years since the introduction of the Consumer Credit Act 1974.

The extent to which things have changed in terms of the size of the industry, the range of products on offer and the level of indebtedness among consumers shows how outdated that legislation has become and how imperative it is that new measures are introduced to respond to the situation. From the outset, we have made it clear that the Conservatives give the Bill broad support in achieving that goal and we are fully committed to action to root out loan sharks and bad practice, especially as it is the most vulnerable who are usually the hardest hit.

We have raised concerns and probed the Minister on a number of issues and problems along the way. That was part of the process of ensuring that we get things right this time and that the Bill can cope with the demands that will be placed on it by future changes in the credit industry. Had the Minister been prepared to say "yes" a few more times, the Bill would have been even better, but we shall leave that to our friends in another place.

I pay tribute to Members on both sides of the House for their expertise and for their determination to look after the interests of people preyed on by those who seek to exploit their financial circumstances and their lack of understanding of sharp lending practices. An understanding of the issues and the passion to drive them forward is a good combination and we have been lucky that Members have demonstrated that.

Many Members referred to tragic cases where individuals were caught up in a vicious cycle of worsening debt, often caused by unscrupulous lenders and unfair practices. That was an important part of our considerations and it is those lenders and practices that the Bill seeks to stamp out. At the same time, it is important that the Bill does not stifle the ability to operate of credit businesses that behave responsibly and whose services are often of great benefit to individuals and families, especially those on low incomes. We recognise that the overwhelming majority of credit providers act responsibly and the legislation, although it will inevitably affect them, is not targeted at them.

As the Minister said at the outset, debt of itself is not bad; it is irresponsible lending that causes the problem. By far one of the most important aspects of the Bill has been the new unfair relationship test, which replaces the old, impractical, extortionate credit test. We support the new test as a means of clamping down on loan sharks and unfair practices but, as the Minister is well aware, we are concerned about the lack of detail. As he knows, we have argued powerfully for that greater detail and we are disappointed that he has not given ground on it. Many of us believe that the Bill will be of less benefit to consumers as a result. It should be Parliament that gives the detail, not the courts, with all the time and huge costs that that will involve. It means that lawyers will benefit rather than borrowers.

Many still do not think that the Bill goes far enough. Even the *Daily Mirror* quoted just this week the chief executive of the Nationwide building society, who said:

> "It is a great shame the opportunity was missed at the Committee stage to improve the Bill. While we support the broad thrust of the Bill, we still don't believe it goes far enough. We strongly urge MPs to grasp this last opportunity to make a real difference to consumers. Some practices, like credit card providers applying payments to the cheapest debt first, remain unfair and can only be to the detriment of the consumer. Any debt counsellor worth their salt would tell you to pay off your most expensive debt first."

There have been areas where we have tried to make those changes and I am disappointed that we did not succeed in persuading the Government to agree to them.

We also welcome the new systems of redress provided through the Financial Ombudsman Service. The Bill also provides expanded powers for the OFT as a means of improving regulation. Again, we agree that better regulation of licensees is a crucial step forward, but we remain concerned that the OFT's powers will go unchecked and that it will be judge and jury. We would like to see more control retained by Government and Parliament over its actions.

Another crucial dimension of the Bill is the increased level of information provided to consumers concerning their credit agreements. That, too, is an important step forward towards tipping the balance of power back towards consumers. They need to be granted an equal standing and to have access to appropriate information to make informed choices over their credit decisions. It is also a vital means of helping consumers avoid getting into trouble with their agreements. I am pleased that the Minister has been working with us to ensure success in this respect.

I join the Minister in paying tribute to our two Chairmen, the hon. Member for North-West Leicestershire (David Taylor) and my hon. Friend the Member for Old Bexley and Sidcup (Derek Conway), for the way in which they kept us in order during debates. I pay tribute to hon. Members on both sides of the House who have spoken with such passion and commitment on what is an important area for many of our constituents. In particular I pay tribute to my hon. Friends the Members for Hemel Hempstead (Mike Penning), for Wantage (Mr. Vaizey) and for Hornchurch (James Brokenshire), who as new Members have shown tremendous commitment, understanding and expertise. I do not restrict my comments to Conservative Members. This has been an extremely valuable process on all sides, with many years of expertise brought to bear.

[Charles Hendry]

We have had a wide-ranging debate. We have focused in particular on issues, such as loan sharks, but we have also discussed a helicopter clause, so that when the Prime Minister's friends need to buy a new helicopter or yacht at short notice, they can be given greater assistance in doing so. We have made progress on those issues. Naturally, I pay tribute to the Minister who has been courteous and charming throughout. He is the natural heir to General de Gaulle and Mrs. Thatcher in being able to say no so forcefully and so often, but I wonder whether perhaps he should move in his next life to the Department for Transport because his sense of direction is remarkable. He always knows where we are coming from and understands where we are heading in every contribution. As I said earlier, it is just a shame he would not help us get there.

I thank the officials at the DTI and in the House. Departmental officials must have dreaded yet another list of Hendry questions. No doubt forests were torn down, gallons of ink were expended and writers' cramp inflicted simply to give the Minister the answer as quickly as possible. They have been extraordinarily helpful, too, in providing written replies subsequently. I was particularly struck by the one about my challenge to the Minister to find some fees which had gone down under this Government. They produced an extensive list of Companies House charges. However, I win on points. The Directors Register by e-mail has indeed gone down from £3 to £2.50 but things like the full snapshot of the Directors Register has increased from £60,000 to £120,000. The list shows that the general drive is upward, even if there are some examples of fees that have come down. In any case, the officials have provided a great service, both in Committee and subsequently.

The Minister has made a tremendous effort to bring the Bill back to the House so quickly, and we all pay tribute to him for doing so. He should be praised for that, and for consistently dealing with our amendments with great courtesy and good humour. I am pleased with the level of consensus that we have struck throughout the Bill's progress and, although we have not always been able to agree on the detail, we all want to see the same end product—more protection for consumers, better systems of redress, more access to information and better regulation.

I regret that the Government rejected our proposals on matters such as credit card checks and controlling unsolicited increases in credit limits. I sense that most hon. Members supported us and we will look back and regret that we were not more effective. I am also disappointed that some issues were ruled out by the Chair— although of course we respect that judgment—such as the amendment on the standardisation of interest rate calculations, which is a matter of tremendous importance.

I remain concerned by the complacency about the growing level of debt that we face in this country. The Minister was able to point to the rising value of property and the huge bedrock of capital that supports that debt, but we are seeing a worrying growth in credit card arrears, bad debts, mortgage repossessions and bankruptcies. We need be aware that the problem could be getting worse.

We have, however, gone a substantial way to reaching the aims that we set out to achieve and we all look forward to monitoring the Bill's progress. To end on a conciliatory note, I congratulate the Minister once again on his personal commitment to ensuring that the Bill becomes law.

3.26 pm

Norman Lamb: I join the hon. Member for Wealden (Charles Hendry) in thanking the Minister for the approach that he has taken throughout. He has been willing to discuss and debate, and to be constructive. We are slightly frustrated that he has not been able to go along with some of our constructive amendments to improve the Bill, but the whole debate on the Bill has been conducted in a civilised way. To that extent, I pay tribute to everybody who has contributed to that debate. It is a blessed relief sometimes to be able to discuss issues constructively, without seeking to score points at every possible opportunity. The Minister played a big part in that and I thank him for it.

I also wish to pay tribute to the officials who assisted the Committee and the Minister throughout the process. It was painful having to go through it all again just a few months after the last time, but I thank them for their hard work. I also join the hon. Member for Wealden in thanking the Chairmen of the Committee, the hon. Members for North-West Leicestershire (David Taylor) and for Old Bexley and Sidcup (Derek Conway).

The Bill follows an explosion in the availability of credit since the original legislation was passed through Parliament—it took some time to come into force—back in 1974. It is worth saying again that the availability of credit is a good thing. We all need credit, and it is often those on the lowest incomes who have the greatest need for it, It would be wholly wrong to adopt a sort of paternalistic approach and deny people access to credit when they need it. The whole issue comes down to the case for responsible lending, which should be combined with responsibility on the part of the individual borrower. However, so many people are vulnerable, for one reason or another—be it mental health, age or just the pressures of life—so the industry bears a great obligation to act responsibly. The Bill, however, sets a modern framework within which the industry can operate.

The Bill is welcome, but it is long overdue. I pay tribute to the Treasury Committee, on which I served, for pushing the Department of Trade and Industry to introduce a Bill in Parliament. Such as measure was debated for a long time. The Minister said that there had been four years of hard work, but at one stage it seemed as if that would become five or six years. The Treasury Committee played an important part in pushing the Department in the right direction.

Mr. Sutcliffe *indicated assent.*

Norman Lamb: I am pleased that the Minister agrees.

I very much hope that the Treasury Committee will continue to monitor the industry, because although there has been genuine progress and the Bill modernises the legislative framework, there is still a long way to go before the industry always behaves responsibly and consumers avoid getting into serious difficulty. There

are some areas where progress still needs to be made. First, there are still unacceptable practices. I hope that the unfairness test will address some of our concerns, but pernicious charges are often imposed, as I have experienced myself. Payment may be due to go into an account but, for some reason, it does not. Consequently, the cheques that one writes are not covered. One might have to pay a charge of £30 a cheque, so if one has written five cheques one faces costs of £150. The equivalent interest rate would be a substantial one, and many people get into serious difficulty as a result of those exorbitant charges. That is the subject of an investigation, and I hope that the outcome will be a more competitive market. Remarkably, all the companies manage to charge roughly the same amount for going over the credit limit or for failing to pay on time.

Credit card cheques were mentioned by the Minister, and are a serious concern, as they tempt people to use their credit card inappropriately. I remember when Matt Barrett, the chairman of Barclays, had his wonderful Ratner moment in the Treasury Committee, but he was quite right to say that he would not advise his son to use his credit card as a means of borrowing over time. He would advise him to use it as a means of payment. However, sending people credit card cheques so that they use their credit cards to borrow on a long-term basis is wholly inappropriate. Most people do not realise that interest applies immediately—it is therefore different from the interest on credit card purchases—so they are not aware of the problems that they will experience as a result of those charges. The Minister has undertaken to take a further look at that. I hope that he does so and produces an effective solution to tackle the problem. We may be able to discuss that at our joint meeting with the banks which, again, I welcome. The banking code is a voluntary means to address many of those concerns and avoids the problem of over-prescriptive regulation. I therefore urge the industry to respond positively.

The hon. Member for Hemel Hempstead (Mike Penning) raised the transfer of credit balances, which is another serious concern. People who have transferred a debt of £5,000 with nil interest for a year go out and make some purchases with their card. They think that they are paying off the purchases but, in fact, they are paying off the transfer debt at nil interest, and are paying interest on their purchases. Again, that is the sort of problem that is most appropriately dealt with through the banking code or by voluntary agreement, but the industry must respond. If it fails to respond, I hope that the Treasury Committee and the Department will be on its back demanding a positive response.

The second issue of principle that still has not been addressed and which the Bill fails to address is that for a genuinely competitive market, one needs informed consumers. On the cost of borrowing, we do not have informed consumers. Although we have sorted out the APR problem, we have not sorted out the problem of the calculation of interest rates. It is a pity that the amendment tabled by the hon. Member for Wealden was not selected for debate today. I understand how these things must be done, but that is a crucial issue. When there are 10 different means of calculating interest, no consumer will be able to compare one card with another. There will not be transparency until that problem is resolved. I hope that the Minister finds a way of addressing the problem and that we can discuss it directly with the industry.

The third issue is data sharing, the subject of a new clause tabled by my hon. Friend the Member for Argyll and Bute (Mr. Reid) and me today. Because it was not selected, the issue again remains unresolved. As has been said by others, the Bill is the golden opportunity to address these problems. While the Bill continues to progress through the other place, it is a time to put pressure on the industry to get its act together. However, as the industry says, it needs a legislative change in order for it to be able to share data under the historic agreements introduced before the implementation of the Data Protection Act 1998. It is a crucial issue, which the Government need to address.

The fourth issue is financial education. The changes will have little impact unless we increase the level of financial education generally in society. There has been an explosion in the availability of credit and credit products. We have not had a commensurate revolution in financial education. Schools and the Department for Education and Skills need to engage in that. The Minister can use his authority to engage with others to bring about real change.

The fifth issue is the availability of advice and assistance. In parts of the country there is access to a remarkably good service, often provided by citizens advice bureaux and other advice agencies, but there are gaps in the network that need to be filled. Our party has argued that the industry ought to contribute to a common fund. At present there are all sorts of different arrangements whereby, perhaps for competitive advantage, companies enter agreements with advice agencies to offer support and advice when needed. Unless that is done comprehensively, gaps will remain.

I had a case in my constituency, involving the Holt citizens advice bureau and two other bureaux in other hon. Members' constituencies. They have had their three-year lottery grant. Like so many similar organisations, they have provided an enormous amount of advice during that period. Some 40 per cent. of the advice that is given relates to debt. That is in a market town which many people would regard as reasonably prosperous, but there is hidden deprivation and lack of financial security in every part of the country.

What happens when that three years comes to an end, as it did earlier this year? An application for renewal was refused, so the funding came to an end. There is a cliff face. I am constantly frustrated by the availability of grants from central Government and from other agencies which have a defined life period, often helping to provide an essential service, and when it comes to an end the whole scheme collapses. That is not good public policy. Advice is no longer available in that part of north Norfolk and, although I have written to the Association for Payment Clearing Services and the British Bankers Association and asked them to help, the industry as a whole should ensure that a full network of advice is in place across the country, which would be a major advance. Again, I urge the Minister to engage with the industry on that front.

Mr. Sutcliffe: The hon. Gentleman will be aware of the new consumer direct helpline, and his constituents

[Mr. Sutcliffe]

can ring 08454 040506 to obtain advice. He is right that the network needs to be developed, but I know that he welcomes the £45 million contribution from the Government to financial inclusion funds dealing with education and financial support.

Norman Lamb: I welcome that contribution, but my point is that the industry should play its part and that we must urge them to make it happen.

We have not addressed the issue of an interest rate cap today, but it was passionately debated on Second Reading and in Committee—Rev. Paul Nicolson is a particularly effective advocate for the cause. I have not been persuaded of the case, and my position is based on research commissioned by the DTI, which has been heavily criticised for the lack of evidence. The Minister should ensure that more authoritative and deeper research is carried out to compare jurisdictions with interest rate caps with other jurisdictions.

None of us feels comfortable about the interest rates charged by some doorstep lenders and others, but the providers of mainstream credit often get people into difficulty because of the combination of charges and the lack of data sharing. The interest rates issue specifically relates to the most impoverished in our society, because the poorest members of society are paying the highest rates of interest. The Department should monitor the matter closely and commission further research so that we achieve a greater understanding and try to reach a consensus about the evidence before drawing further conclusions.

The Minister is mistaken about the unfairness test. There is serious concern about a lack of guidance for both the lender and the borrower on what "unfairness" means in that particular context. The matter comes down to the whether Parliament or an agency that is accountable to Parliament should decide, or whether a court should decide. The Minister has chosen the option of the court deciding, so we will be left with an uncertain wait, which may last for years, for an unaccountable court to provide the guidelines on how to interpret unfairness. That arrangement is unsatisfactory, and, in a sense, Parliament has abdicated its responsibility to provide clear legislation that lets everyone know where they stand.

I have raised a number of concerns and issues that are not dealt with satisfactorily in the Bill, for understandable reasons. However, those issues remain unresolved, and the Minister and his Department, together with others such as the Select Committee, must ensure that we make further progress to make the industry act responsibly for the benefit of consumers.

3.44 pm

James Brokenshire: I welcome the Bill, which introduces a reform that is long overdue and reflects changes in practice. The credit market has changed enormously since the Consumer Credit Act 1974 was introduced. It is pleasing that the Government have dealt with the matter so soon in this Parliament. It is important to provide greater protections to those who are seeking credit, and that is a key element of what the Bill tries to do in seeking to protect the most vulnerable members of our communities.

I thank the Minister for the way in which he has handled interventions and awkward questions from me and from various other Members, and for his patience with us as new Members, which has been much appreciated.

It will probably come as no surprise to the Minister that I am left a little disappointed by the end result of our deliberations. As he knows, I am a lawyer by training, which means that I am picky and like Bills to be drafted in a particular way. Like other lawyers, I look for certainty in terms of the way in which legislation is interpreted. I fear that certain parts of the Bill still have elements of vagueness, particularly in relation to the unfairness test. We have discussed that on Second Reading, in Committee and today on Report, so I do not intend to go over old ground—the Minister is clearly familiar with the arguments.

The Minister proffered the olive branch of the Office of Fair Trading guidance, but that has certain limitations, as the OFT itself recognises in the guidance note that it has already produced. That says that it is ultimately for the courts to decide what happens in a case of unfairness and whether something is to be regarded as unfair practice, although it may give some pointers. I hope that that will help in providing the level of certainty that Members on both sides of the House are seeking.

On one level I can understand why one can advance the argument of keeping a general approach on the unfairness test: it is in order to say to lenders, "We've done it this way deliberately to keep you on your toes and on the right side of the line, and you've got to think about it very carefully." My only fear is that that could operate in the opposite way. As regards access to justice, the lack of certainty makes it difficult to bring a legal case or to force a lender who has not been abiding by the rules to reach an early settlement. There is an overlap with the OFT and the financial penalties for inappropriate practice, as well as the powers under part 8 of the Enterprise Act 2002. Again, that has certain limitations, as there has to be a sustained practice that can be regarded as unfair across the whole industry.

It is possible to look at the right to impose sanctions in a slightly different way. The OFT says in its notes on imposing financial penalties:

> "Where . . . a licence holder voluntarily provides compensation to consumers, this can be taken into account by the OFT when considering the appropriate amount of penalty to be imposed. This would exclude situations where the consumer involved had already approached the courts or the Financial Ombudsman Service, because in this context that would not be a voluntary action by the licensee."

I acknowledge that that signifies an intent to try to force lenders to examine their actions carefully. If somebody approached the courts and the ombudsman's service, and the lender recognised that he had not acted appropriately, I would hope that the OFT has some flexibility to take that into consideration. I hope that matters are not so rigid that, simply because somebody started the process of going to the ombudsman or going through the courts, the OFT could not take such recognition into account, as the language in the guidance note suggests. We all agree that we want to avoid going to the courts if possible. Any mechanism for encouraging that must be a good thing.

Many have spoken about denying credit and the fact that those on low incomes find it the most difficult to obtain credit. There has been a great expansion in the UK credit market and more people than ever have the capacity and opportunity to borrow. However, access to credit remains severely constrained and limited for those on insecure or low incomes.

The study that the Joseph Rowntree Foundation published in February is instructive. It states:

"People on low incomes have a higher risk of default than those who are better off because their circumstances are more likely to change. They also tend to want more weekly cash repayments.

Low-income credit users also want to borrow relatively small amounts . . . The costs of lending are largely fixed, so they tend to be high in relation to the amounts borrowed."

The final point is the most telling:

"Left to its own devices, the commercial market will continue to move away from lending to the poorest people. Many of the proposals to tackle high-cost lending are likely to accelerate this trend and leave poor people with even less choice and higher costs."

We are not trying to prevent people from having access to credit but to promote responsible lending.

I hope that the Government will continue to monitor the measure's effect. If they pick up trends of the availability of credit to those on low incomes and people who have uncertainties in their lives being taken away, I hope that they will ensure that the industry will not use the changes to say, "This is far too complicated. We'll pull out of that market." I am sure that the Under-Secretary shares those views. The credit industry must be regulated properly to ensure that it provides fair credit, but that must not result in financial facilities being denied to those on low incomes.

The last thing any of us wants is to give succour or encouragement to those who abuse people's circumstances—rogue lenders who try to prey on and take advantage of those who are vulnerable and perhaps less able to make credit decisions themselves, and use unsavoury, aggressive and sometimes violent tactics to ensure that money is repaid.

I welcome the Bill. It is a step in the right direction but I hope that the Government will continue to listen, as the Minister has done throughout the process, and continue to monitor the measure's impact to ensure that it has the desired effect.

3.53 pm

Adam Price: I pay tribute to the Under-Secretary, who, unless there is another election in the next few months, is the first Minister for 30 years to get a consumer credit measure on the statute book. Clearly, it fulfils an important need. Having said that, there will be missed opportunities in any Bill—the Minister probably expected me to say that; he could probably write my speech and I could write his response—and this one is no exception.

I refer in particular to the interest rate cap that the hon. Member for North Norfolk (Norman Lamb) mentioned. The Bill provides for a significant enhancement of indirect consumer protection as a result of an easier recourse to the law, either through the courts or through an alternative disputes procedure. A more explicit definition in the Bill of the unfairness test would have provided more direct and immediate protection, but we do not have that at the moment. I would go further and argue that we need completely to stamp out exploitative lending in the sub-prime market through the operation of an interest rate ceiling. Such ceilings exist in most countries, including the majority of European countries, and in many states in the USA, Australia and Canada. The South African sister Department to the DTI has included in draft legislation an enabling clause similar to the one that I proposed in the previous Bill before the election, and in the past few weeks, the Polish lower House has supported legislation to introduce an interest rate cap. Surely all those countries cannot be wrong.

Credit is to be supported, but there is a difference between credit and what used to be called usury. Credit is an arrangement that benefits both the lender and the borrower. The lender receives the interest payments, but the borrower also benefits because the arrangement enables them to smooth out fluctuations in their income. Usury offers no long-term benefit to the borrower, however, and the lender knows that at the time of the transaction. Surely such arrangements should be eliminated, and an interest rate ceiling would appear, from the research that the Minister and I have seen, to be a successful way of achieving that.

The Minister said on Second Reading that he was prepared to look again at the independent research on interest rate capping. I know that he has received a briefing on the issue from Debt on our Doorstep. It is an extensive literature review that goes back over 40 years of experience in interest rate ceilings. It goes into much more detail than the Policis research, which, as the hon. Member for North Norfolk said, is highly flawed. Policis does not appear to have interviewed many of the leading academic commentators worldwide. It claims to have done a full literature review, but there was no extensive bibliography in the report. I know that Debt on our Doorstep has asked to see it. That research seems flawed to me.

I echo the comments made by the hon. Member for North Norfolk. Could we have a timetable for the review that the Minister has promised? Will the Government commission further independent research, because of the doubts that are widely shared about the robustness of the Policis research? After all, there is a template that the Department could use. It is the Treasury's recent consultation document on the credit union interest rate cap. The Government have imposed an interest rate cap on the credit unions. By law, they cannot charge more than 1 per cent. a month. If it makes sense to place an interest rate cap on credit unions, which by their very nature are beneficent in their attitude towards their borrowers, why is it not worth looking again at putting a interest rate cap on lenders that are slightly less beneficent in their approach? Will the Minister therefore consider that?

[Adam Price]

In relation to the comments of the hon. Member for Hornchurch (James Brokenshire), as I have never said that an interest rate cap is a one-size-fits-all solution, will the Minister say what the Government plan to do in terms of their financial inclusion agenda, beyond the financial inclusion fund? Are there any proposals, for instance, to examine the kind of statutory requirements that the Governments of France and Germany place on mainstream lending institutions in relation to providing banking, including overdraft facilities, under which a certain proportion of their customer base must be low-income households? In commissioning further research, will the Government examine not just interest rate caps but spreading financial inclusion through mainstream providers?

4 pm

Mr. Vaizey: Like everyone else in the Chamber, I want to say how much I welcome the new Bill and wish it well on its way to the other place. As a new Member, I have thoroughly enjoyed the experience of participating on Second Reading, Report and Third Reading but most of all in Committee. It was a tribute to the proceedings of Parliament that we were able to go through the Bill in such detail, clause by clause, with such courtesy across the Committee Room. I thank the Minister for the way in which he and his officials have handled the Bill, and I also thank the Liberal Democrats. Most of all, however, I thank my hon. Friend the Member for Wealden (Charles Hendry) who was an extremely effective Opposition spokesman, putting forward detailed and necessary amendments and arguing his case extremely forcefully.

I want to return to only three issues, some of which I raised on Second Reading. As the Minister is now well aware, I am obsessed, rather like a dog with a bone, with the unfair relationship test. It strikes me as extraordinary that the Department has not in any way sought to include guidance on what an unfair relationship means. Were such guidance provided, perhaps in the Bill or by regulation, that would be an enormous benefit.

To begin with, guidance would help the industry before the Bill even came into effect. The industry would know how to redesign if necessary any products that were on the market, and how to adapt easily and quickly to the forthcoming regime. Above all, however, guidance would help the consumer, who stands alone when he or she makes the bargain, and who has no resources to turn to expert advice if the bargain goes wrong. It would help the consumer if he or she were able to turn easily to guidance on what might or might not be unfair, rather than, as I had to do, ferret around in "Chitty on Contracts", using my dusty and ancient legal experience, to work out that there might or might not be a connection with the terms in consumer credit regulations. Guidance would also help the industry—it would put off ambulance chasers and unscrupulous individuals seeking to try it on because they were unhappy with the bargain that they had made—and the ombudsman.

There are many other measures in the Bill, however, that one can welcome, not least the creation of an ombudsman in this area, which is long overdue, as well as the role for the Office of Fair Trading, although I take on board the critique put forward by my hon. Friend the Member for Wealden about the excessive powers.

I have also listened with interest to the wider debate, which we did not necessarily have in Committee, particularly the debate on an interest rate cap. I have to say that I am increasingly attracted to that idea. Arguably a Conservative Member's instinct should be to oppose any regulation, especially regulation that "interferes with the free market", but I think that too often members of our party shy away from active regulation and intervention that can help the individual, the consumer and the vulnerable person, because we make obeisance at the altar of the free market.

When we look at the financial services industry, we see an industry that is selling a product. Any other industry that sells products to consumers is regulated, and indeed the financial services industry is closely regulated. But no one would argue that we should get rid of motorway speed limits because they cut off access to high-speed, thrilling drives for Ferrari drivers, and I find it odd that we should wish not to cap interest rates because that would cut off access to vulnerable consumers for unscrupulous lenders. As for the argument that we are somehow doing vulnerable consumers a disservice by cutting them off from excessive rates of interest, I find that bizarre. It is precisely because those consumers are vulnerable in a host of ways, not just because of their particular circumstances at the time but perhaps because of their educational background, that they are targeted.

As the hon. Member for Carmarthen, East and Dinefwr (Adam Price) pointed out, the Government are not shy of imposing consumer-style regulation on financial products, not just credit agreements but the stakeholder pension when it was introduced. As I said on Second Reading, that also applies to CAT—charges access terms—standards.

Norman Lamb: I do not know whether the hon. Gentleman agrees with me, but I think that the picture is unclear. Research commissioned by the Department of Trade and Industry suggested that there would be consequences that none of us would want, and that people could be pushed into the clutches of loan sharks. I have no idea what the truth is. Does the hon. Gentleman agree that the Department should commission more authoritative research, so that we could at least try to agree about the evidence?

Mr. Vaizey: I agree with the hon. Gentleman, and with the hon. Member for Carmarthen, East and Dinefwr, that the Government should review the position. There is evidence that an interest rate cap has worked on the continent and in America, and I believe that we should consider it here. I urge my hon. Friend the Member for Wealden to include it in the Conservative party manifesto for the next general election, because I think that the policy will prove to be extremely attractive on the doorstep.

The intervention from the hon. Member for North Norfolk (Norman Lamb) brings me to my third and final point. I agree with his emphasis on personal financial education. As the Minister will recall, I raised the subject on Second Reading. I raise it now with your indulgence, Mr. Deputy Speaker, as it is not specifically within the frame of the Bill.

I find it extremely odd that, in the 21st century, it is possible to go to school and receive only the merest smattering of education. Pupils may learn algebra, which they will never use again, or a foreign language, which they will rarely use again. I would go so far as to say that 99 per cent. of what I learned at school I never use. It would be a great idea to include personal financial education, not merely as a fringe activity but as a core part of our education system. School children should be able to take GCSEs and A-levels in the subject, to educate themselves in the wily ways of financial services.

Let me end by saying how grateful I am for the opportunity to participate, as a new Member, in debates on the Bill. I wish it well as it makes its stately progress across Central Lobby to the other place.

4.9 pm

Mr. Sutcliffe: I will not speak for long—*[Laughter.]* A certain hon. Gentleman is obviously pleased to hear it. Many interesting issues have been raised, and I stand here feeling some satisfaction, in that the Bill has reached Third Reading and will now proceed to the other place. As a result, in the near future there will be protection for a wide range of consumers who seek credit. We have focused on people on low incomes, but we have also agreed that credit is a useful tool when handled properly.

I realise that the question of an interest rate cap is central to this debate. Our research on this issue has been criticised, but I should point out that the research undertaken by Policis focused on those on low and very low incomes primarily because they are the most vulnerable groups. Much of the existing data have not been separated to show the position of those on low incomes. However, as I have said all along, I am genuinely prepared to examine the information that comes in. In answer to the point raised by the hon. Member for Hornchurch (James Brokenshire), we will review the legislation within two to three years and examine the various issues arising.

Norman Lamb: Will the Minister do more than look at the information that comes in, as he describes it, and commission more authoritative research?

Mr. Sutcliffe: I shall not give an answer to that today. I want first to be able to examine the Bill's impact and the way in which the unfair relationship test, about which there has been some disagreement, works.

We will not be complacent, however, and we must remember that this Bill must be seen not in isolation, but in the context of the various cross-departmental initiatives on financial inclusion. The hon. Member for Carmarthen, East and Dinefwr (Adam Price) discussed developing credit unions, and the hon. Member for Wantage (Mr. Vaizey) raised the issue of financial education, which will be provided. We must not only increase the money available in the financial inclusion fund, but engage in a cross-departmental effort to examine how best to provide financial education at an early stage in people's lives.

I pay tribute to the work of the various bodies involved in this process, such as consumer and industry groups and the newspapers. The hon. Member for Wealden (Charles Hendry) mentioned the role of the *Daily Mirror* in particular, but other newspapers have also launched campaigns to protect consumers, which I welcome. They will not let us get away with being complacent. As things develop, we must ensure that consumer protection is in place, but we should not be frightened of also ensuring that responsible lenders are able to grow their business.

We are going to have to deal with the problem of loan sharks very soon, and with that in mind we are running two pilot projects, in Birmingham and in Glasgow. The Birmingham project is working very well. The issues being dealt with are very depressing. These loan sharks lend huge sums, and there are other, associated evils. For example, loan sharks target single mothers living in high-rise flats because lenders do not allow their staff to visit such flats; as a result, such single mothers cannot obtain any other kind of credit. If they happen to miss a few payments, the loan sharks encourage them into prostitution or drugs. We are determined to tackle this problem, and we must ensure that those at the low end of the income scale are not preyed upon by loan sharks.

There are many other issues that we could talk about this afternoon, but I want to stress that the Bill is a co-ordinated attempt to achieve consensus. The political consensus that has developed is important. As the hon. Member for Wantage said, anyone who has followed our proceedings has seen Parliament at its best. We are trying to improve constituents' lives by providing protection for consumers, while at the same time being fair to business.

I am pleased that the Bill has managed to get through. If it passes through the other place, it will be the first of this Session to receive Royal Assent, which is a tribute to all involved. I also pay tribute to the officials in the DTI who supported me and to House officials who have ensured that the Bill has had a safe passage.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With permission, I shall put together motions 3 to 9 and 15 to 18.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Northern Ireland

That the draft Local Elections (Northern Ireland) (Amendment) Order 2005, which was laid before this House on 16th June, be approved.

Criminal Law (Northern Ireland)

That the Criminal Procedure and Investigations Act 1996 (Code of Practice) (Northern Ireland) Order 2005, dated 20th June 2005, which was laid before this House on 23rd June, be approved.

Transport

That the draft Railways (Convention on International Carriage by Rail) Regulations 2005, which were laid before this House on 13th June, be approved.

International Immunities and Privileges

That the draft International Tribunal for the Law of the Sea (Immunities and Privileges) Order 2005, which was laid before this House on 30th June, be approved.

TERMS AND CONDITIONS OF EMPLOYMENT

That the draft National Minimum Wage Regulations 1999 (Amendment) Regulations 2005, which were laid before this House on 20th June, be approved.

PENSIONS

That the draft Financial Assistance Scheme Regulations 2005, which were laid before this House on 22nd June, be approved.

That the draft Financial Assistance Scheme (Internal Review) Regulations 2005, which were laid before this House on 22nd June, be approved.—*[Mr. Watson.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

SOCIAL SECURITY

That the draft Age-Related Payments Regulations 2005, which were laid before this House on 23rd June, be approved.—*[Mr. Watson.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

EMPLOYMENT AND TRAINING

That the draft Industrial Training Levy (Engineering Construction Board) Order 2005, which was laid before this House on 18th May, be approved.—*[Mr. Watson.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Monday 18th July, the Speaker shall put forthwith the Questions on any Motion relating to committal of the Crossrail Bill and on any instruction to the Committee on the Bill.

Ordered,

That, at the sitting on Wednesday 20th July, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of the Motion in the name of Mr Secretary Prescott relating to the Council Tax not later than three hours after their commencement; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.

SITTINGS IN WESTMINSTER HALL

Ordered,

That, on Thursday 21st July, there shall be no sitting in Westminster Hall.

MODERNISATION OF THE HOUSE OF COMMONS

Ordered,

That Mr Crispin Blunt be discharged from the Select Committee on Modernisation of the House of Commons and Chris Grayling be added.—*[Mr. Watson.]*

Travellers (Billericay)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson]*

4.16 pm

Mr. John Baron (Billericay) (Con): Thank you, Mr. Deputy Speaker, for allowing me to raise this important issue in the House and I also want to thank the Minister for responding. He will be aware that the Crays Hill Travellers' site is the largest in the country. Should council plans go ahead, there will be a very large-scale eviction over the coming months of about 50 families who have developed green belt land without authorisation and therefore live, in a sense, on the illegal part of the site.

It is a very unfortunate and sad state of affairs. The eviction will cause much heartache for both the settled and Traveller communities. No doubt, when the time comes, the newspapers will be full of pictures of crying children and distressed adults as the bailiffs move in to do their job. There is little doubt that the law as it presently stands is to blame for this situation and I would like to make the Minister aware of why I believe that to be the case. I also want to ask him some specific questions in the hope that we can move the issue forwards and clarify certain matters.

The law as it stands is presently inadequate. It can deal with the issue of trespass, but it cannot deal with those who buy green belt or greenfield land and then speedily and illegally develop it. There is no shortage of examples in my constituency of where that has taken place. A relatively recent example occurred two or three years ago near Saddler's Farm roundabout where, over the course of a bank holiday weekend, Travellers built a 6-ft earth mound around the perimeter of a field that they owned. They laid hardcore the next day and the day after that moved the caravans in. The council reacted with stop and enforcement notices, but by the time that they had been served, the development was complete. Consequently, a lengthy planning and appeals process was entered into, which is still ongoing, and meanwhile the illegal development remains. The problem is a result of the law's ineffectiveness, because it allows small illegal sites to become much bigger ones, so the issue becomes much harder and costlier to deal with. That is precisely what happened at the Crays Hill site.

The Minister will be aware that, after a long and protracted planning process that involved several enforcement notices, appeals, and public inquiries, Basildon council finally got to the point where they sought authorisation to evict those Travellers who had illegally developed the green belt. However, the Office of the Deputy Prime Minister effectively overruled the council in 2003 and gave the Travellers a two-year extension to move on. Instead, the number of caravans on the illegal site increased significantly during that period.

Needless to say, the problem has become much harder to deal with, because the number of families involved has increased and the Travellers have had longer to settle down and establish a way of life. Basildon council now has no choice but to evict those Travellers who have broken the rules, as not doing so would send out the very clear signal that the green belt was up for grabs.

I want to make it absolutely clear that no one wants to discriminate against a minority. I have tried to make the same point whenever this matter has been discussed over the past few years, but it is only fair to insist that all those who live in a community abide by its laws and regulations. Otherwise, the law-abiding majority are the ones who suffer discrimination. That is important, because there is a minority in the Traveller community—and I stress that it is a minority—who in the past have resorted to unwise words on this matter.

We in Basildon district have no problems with law-abiding Travellers. The latest figures show that we have more than 100 authorised sites and pitches for the Traveller and Gypsy communities, whereas some neighbouring districts have none at all. We have a long and proud history—of literally hundreds of years—of living in harmony with those communities. Indeed, Basildon district has the largest number of authorised caravans in Essex: in 1990, we had 37, and now we have about 180. That is an increase of nearly 500 per cent., and compares with an increase in the same period of roughly 100 per cent. in Essex, and 55 per cent. in England as whole.

No one can accuse us of discriminating against Travellers or of being intolerant or racist. All that we ask is that everyone obeys the same set of rules, especially if they wish to live in the community. Clearly, that has not happened at the illegal Crays Hill sites.

I want to make it clear, too, that local politics has played no part in the discussion. That important point is worth stressing, and I am not using this debate to play politics with the issue. I first became MP for Billericay four years ago, when Labour controlled Basildon council. I refused to blame the council then, as I believed that the law needed reform. I know that my approach is appreciated by Labour councillors to this day.

I am pleased to note that the Opposition Whips are no longer in the Chamber, as I have also made it clear that I believe that the Conservative Government of 1994 were wrong to remove the statutory duty on local authorities to provide authorised sites. That was a bad mistake, and I shall return to it in a moment.

What needs to be done? I have no doubt that the law is to blame, as it is outdated and ineffective. We urgently need to adopt a twin-track approach, as outlined in my private Member's Bill, the Greenbelt Protection Bill of 2003. My aim was to change the law, on the one hand by obliging councils to provide authorised sites where there was sufficient demand and for which an honest rent and council taxes could be charged, and on the other by giving them much stronger powers speedily to evict those Travellers who insisted on breaking the law. Also, my Bill would have allowed councils to put right any damage caused and to recover the cost from those who had caused it. Moreover, my Bill provided that those powers would have been available to councils only when the required sites had been provided. I felt that that was the fair way to go about dealing with the problem.

I could give further details of the proposals in my Bill, but I refer the Minister to the explanatory notes, of which his Department has a copy. The change in the law that I proposed would have been fair to those Travellers who respect the law and it would have allowed those who do not to be dealt with speedily. That would have prevented the development of the large-scale illegal sites, such as Crays Hill, that are often so much more difficult to deal with.

The Government's response to my proposals was disappointing, to say the least. A long consultation was held, which involved many site visits, public hearings and meetings with residents, Travellers, councillors, police and Basildon council's planning department. In addition, I sought—and had no trouble securing—very good cross-party support in the Chamber, but the Government blocked my Bill without explanation.

After continually raising the issue in Parliament and meeting Ministers from the Office of the Deputy Prime Minister and, indeed, the Prime Minister, there are tentative signs that the Government are now at least considering adopting a twin-track approach, but progress is far too slow. I should therefore like to ask the Minister a number of questions, to which I hope he will respond directly.

First, the Minister is fully aware that I raised the issue of eviction costs with the Prime Minister, by way of letter, and with the Deputy Prime Minister during Prime Minister's questions last week. The two-year extension given in 2003 to the Travellers at Crays Hill before they must move on has resulted instead in the number of caravans increasing significantly. The precise figures are difficult to come by, but there is no doubt that there has been a significant increase. The cost of eviction has increased accordingly and, according to Basildon council, now stands at about £2 million, which represents approximately 15 per cent. of a year's council tax revenue.

Will the Minister now commit the Government to assist Basildon council financially with those increased eviction costs, which are a direct result of the Deputy Prime Minister's decision to give a two-year extension, or will he at least promise to look into the issue? If the answer is no, Ministers are, in effect, unfairly penalising local council tax payers for a mistake made by the Government.

The response from the Deputy Prime Minister last week was totally inadequate. He suggested that the money could be better spent on providing land for the Travellers, but such a view displays an ignorance of the situation locally, while nationally, it would spell disaster for our green belt because it would allow Travellers to drive a coach and horses through our planning laws, for there would be no disincentive to buy and illegally develop large chunks of the green belt, as councils would be encouraged by the Government not to meet evictions costs, but to spend the money instead on providing sites.

Secondly, will the Minister update me on what progress is being made on the much-needed reform of our planning laws? Many people think that the progress so far has taken far too long, particularly bearing it in mind that the Government have been aware of the issue for a number of years now. The Minister will be aware that two consultation exercises have been instigated—one to look at the provision of authorised sites, the other to consider whether to give stronger powers to councils—and I have contributed to both.

With regard to authorised sites, in December 2004, the ODPM issued a consultation paper, "Planning for Gypsy and Traveller Sites". The consultation period

[Mr. John Baron]

ended on 18 March. When can local authorities expect to receive the revised guidance that will replace circular 1/94? Does the Minister accept that the provision of sites for Traveller families is a national issue and that it should not be left to a small number of local authorities to provide the majority of the sites? Will the new guidance therefore include measures to require all local authorities, where demand is sufficient, to make adequate provision for Traveller sites?

I am concerned to learn that there is talk that the Government have dropped the idea of direction and are instead considering leaving the solution to regional spatial strategies. That simply will not work, for there is nothing to force councils to comply with those strategies, except for the Travellers themselves resorting to the appeals process. The Minister will be aware that paragraph 20 of the draft circular on planning for Traveller sites advised that the regional spatial strategy should include provision for Gypsy sites. Yet the draft east of England plan, published very recently, says nothing about Gypsy sites. The draft spatial strategy is meant to guide development in the east of England for at least the next 20 years, yet no mention is made of Gypsy sites whatsoever. I hope that the Minister will appreciate that such confusion needs to be sorted out by the Government.

The Government have consulted on whether to give stronger power to councils. They proposed a 28-day temporary stop notice in response to the pressure to give much stronger powers to councils. Indeed, such notices became law on 7 March this year. The main difference from the existing law is that local authorities will have power to serve a temporary stop notice without first serving an enforcement notice. That sounds good, but when we consider the detail and the exemptions the power is actually quite ineffective. Basildon council has several concerns. Within the 28-day period, for example, the local authority has to serve an enforcement notice and a normal stop notice, which gives right of appeal against those notices. However, such an appeal also has the effect of putting into abeyance not only the enforcement and normal stop notices but also the 28-day temporary notice itself. That is a real concern for my local planning department.

Meanwhile, in the interim 28-day period, the local authority can indeed prosecute the contravener in the magistrates court for continuing to occupy land in breach of the temporary stop notice. However, the magistrates court is in many respects an inappropriate means for securing an effective deterrent to the breach, because it can usually impose only a fine. In many cases, it is difficult to get someone to court in 28 days if they do not want to be there. All sorts of delaying tactics can be used, such as an application for legal aid or simply not turning up.

More important, the new law does not allow local authorities to serve a temporary stop notice against someone who is occupying a caravan where that caravan is their main home, unless it is parked where it is causing a highway danger or there are other exceptional circumstances. It is highly likely that most Travellers will claim that the caravan in question is their main residence and, in fairness, there is a good chance that it will be, so the exemption renders the temporary stop notice next to useless. The fact that the caravan was on green belt land would not entitle a local authority to serve temporary stop notices if that caravan was a main residence.

The conclusion is that the law will not help local authorities to take effective, swift action against Traveller families who move on to green belt sites without planning permission. It will certainly not help Basildon council with the situation at Crays Hill. Meanwhile, it must not be forgotten that, even if a stop notice is invoked, it postpones the problem only for four weeks—thereafter the present ineffective laws kick in.

May I ask the Minister to address some other issues? Will he clarify some of the terminology on needs-based assessment under the Housing Act 2004? He will be aware that the Act stipulates that the needs of Gypsy communities should form part of a local authority's homelessness needs assessment—rightly so. However, little or no methodology has been given as guidance and councils are wondering how to undertake that task. It has been suggested that the number of unauthorised caravans is one way of measuring the needs of local travellers; in other words, if there is a large number, there must be a need. However, in Basildon district, there are about 220 unauthorised caravans—representing a 700 per cent. increase since 1990—while some neighbouring districts have very few or none at all, so if that methodology was used, it would suggest that only in Basildon district was there a further requirement for Traveller sites, which is clearly nonsense. Will the Minister clarify the methodology councils are to use to meet their obligations under the Act?

Will the Minister update me on the Government's progress, if any, on my proposals for a twin-track approach? During this short debate I have tried to highlight the extent of the problem at the Crays Hill Traveller site, and to show where I believe that Government policy is causing confusion, is ineffective and at least partially to blame. I have suggested the improvements that should be made, as highlighted in my attempt to change the law in 2003. As I have said previously, the Government initially blocked my Bill, but after pressing them in Parliament and after meetings with Ministers and the Prime Minister, who seemed to suggest that my proposals should be examined further, it seems that the Government are at least heading down the road towards the twin-track approach that is required. However, for the reasons previously stated, the Government's proposals to date will not provide the solutions required. Will the Government take a fresh look at my proposals which, as the Minister knows, have good cross-party support and, when he has time, will he get back to me?

In conclusion, I hope that the Minister will appreciate that I am not interested in playing politics on the issue. What is required is good law, and the current law is inadequate. Proof of this is that we still have a sad situation in Crays Hill, where a large number of Traveller families will be forcibly evicted, which will cause much pain and anguish. The situation can be avoided in future if the Government grip the problem, but so far from what we know of their proposals, both with regard to the provision of authorised sites and giving councils stronger powers, they are clearly inadequate. Left as they are, they will not solve the problem.

A twin-track approach is required. With regard to the provision of authorised sites, clear direction must be given to local authorities, while councils must be given much stronger powers speedily to evict Travellers who insist on breaking the law and to put right any damage. Otherwise, the unnecessary and sad conflict that we have seen in the past between settled and Traveller communities, and that we will see again at Crays Hill in the coming months, will continue and intensify in future in other parts. Given that the Government have been aware of the issue for a good number of years, they have a moral obligation to act, and to act quickly, before too much more pain is caused. I look forward to hearing the Minister's response.

4.36 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): I congratulate the hon. Member for Billericay (Mr. Baron) on securing the debate. I am pleased to see my hon. Friend the Member for Basildon (Angela E. Smith) in her place and I acknowledge her interest in the matter. I should like to place on record my appreciation for the way in which the hon. Gentleman has introduced the debate and for his contribution in trying to find a solution to this problem recently.

We recognise the difficult problems that can arise when trying to find suitable accommodation for Gypsies and Travellers generally and, more specifically, the problems of the hon. Gentleman's constituency. I hope to cover all the hon. Gentleman's questions in the course of my speech.

We take these issues seriously. We have been working hard and will continue to work hard to find solutions and alleviate the distress that local people are experiencing. The hon. Gentleman is aware that my noble Friend, Baroness Andrews, met representatives of Basildon district council and Essex county council on Tuesday to discuss the situation at the Crays Hill site. I understand that Basildon council is meeting later tonight to consider whether or not the Travellers should be evicted from this unauthorised development. We sympathise with the difficulties that this may present for both the settled community and the Travellers. The council will need to weigh in the balance the consequences of such action for the council, the settled community and Travellers. I do not underestimate the seriousness of the matter.

The matter has to be for the council. Ministers have no locus in any decisions in relation to the enforcement notices and actions in compliance with them. That properly is a matter for the district council to determine. In the same vein, the Government cannot assist with any of the specific costs relating to ensuring compliance with the enforcement notices.

Mr. Baron: Will the Minister give way?

Jim Fitzpatrick: I can anticipate the hon. Gentleman's question and I hope to cover it later. Should I not do so, I shall happily give way to him once I reach my conclusions.

The key to resolving problems from unauthorised development and encampments is to ensure that there is adequate authorised site provision. Every local authority needs to play a part in that. We want to assist Basildon and other Essex authorities to find a way forward to resolve the issue of accommodation for Gypsies and Travellers by working with other local authorities in the area. As a start, we have agreed with Basildon and Essex that it will be helpful for officials from the Office of the Deputy Prime Minister to be invited to next week's meeting of the Essex local government association, at which Gypsy and Traveller issues in the county are to be discussed.

Many local authorities have not responded sufficiently to local need in their areas in recent years. To be fair, some local authorities have done a great deal, but some have not. That is unfair on neighbouring local authorities and on local communities, which must put up with unauthorised development, often on inappropriate sites.

Under the Housing Act 2004 local authorities must carry out housing needs assessments for Gypsies and Travellers, as they do for the settled community. They are also required to draw up a Gypsy and Traveller accommodation strategy to ensure that need is met. We will be issuing final guidance on how to carry out housing needs assessments in due course, but meantime we will seek to facilitate sharing of good practice between local authorities and other players, and we will do all that we can to help local authorities find a way to share provision. In response to the hon. Gentleman's specific question about when that will happen, my best guess is the end of the summer. We have had 300 responses to the consultation exercise and, obviously, we want to give due consideration to them. I assure him that it will be sooner rather than later.

Local authorities should identify land that could be used for the provision of new public and private sites. That is why it is important to place an obligation on local authorities to identify land as part of their planning process. Under the new planning circular, as drafted, there is a requirement on local planning authorities to allocate sufficient land for sites. That is effectively a duty.

Local authorities will have to identify sites suitable for Gypsies and Travellers as part of their local development framework—the new planning process. There is an important opportunity provided through the regional planning process to look across the region. Because of the nomadic lifestyle followed by many Gypsies and Travellers, there has to be a strong strategic element to planning for their needs. Regional planning bodies are key to that. They will have to make an assessment of the regional need for Gypsy and Traveller sites, based on local housing assessments made by local authorities. That assessment of need will then be turned into pitch numbers allocated to each area of the region in the regional spatial strategy. Local authorities will have to reflect those targets in their local development frameworks. That will help to counter the concerns of some authorities that they are being left to shoulder the burden on their own. We recognise that many local authorities may find it difficult to tackle that issue. We would encourage neighbouring authorities to work together wherever possible, and I know that that is starting to happen in Essex.

There have been calls for the reintroduction of a duty on local authorities to provide sites. The current problem is clear—there is a significant lack of

[Jim Fitzpatrick]

authorised sites. However, the solution is not to reintroduce a statutory duty on all local authorities. A duty has been tried before, but often did not produce appropriate provision, and meant that the public purse funded provision. Even with the introduction of 100 per cent. Exchequer funding in 1979, Gypsy site provision failed to keep pace with the growth in the number of caravans.

The arrangements that I have outlined for local authorities to carry out needs assessments and make provision for sites in their local plan, amount effectively to a duty.

Mr. Baron: I accept what the Minister has said, but is he concerned that the draft east of England regional spatial strategy does not contain any mention of the provision of Gypsy sites? Does not that suggest a failing that needs, somehow, to be put right?

Jim Fitzpatrick: The hon. Gentleman kindly gave me the opportunity to consider the point that he wished to emphasise. We will respond to the draft RSS in due course and if it does not contain details on how accommodation needs will be met, the Secretary of State could refuse to finalise and approve it. I assure the hon. Gentleman that such provision will be considered as part of the process.

In assessing need, local authorities should not be able to rely simply on the situation within their boundaries. Situations such as that in Basildon illustrate a need to look across regions and sub-regions to ensure an equitable distribution of provision. We shall explore the best way to achieve that as part of the guidance on needs assessments currently in preparation. I would also point out to the hon. Gentleman that despite the repeal of the Caravan Sites Act 1968, local authorities continue to have the power to create sites as they see fit.

Basildon council has called on the Government to help with the cost of enforcement. The enforcement of planning control is a statutory function of local authorities for which they need to budget and the costs of which are not generally recoverable. The Government have provided significant investment in local authorities since taking office, with a 33 per cent. real terms increase in Government grant in that time. Although I recognise that the costs in this case are significant, I regret that the principle must remain. However, we are prepared to help with the cost of new site provision, and are offering practical assistance by providing funding. In 2005–06, the Gypsy sites refurbishment grant is available for new sites as well as for the refurbishment of existing ones. The aim of the grant is to increase the number of authorised pitches available to Gypsies and Travellers, and thus reduce the need for unauthorised sites. In addition, mainstream funding via the regional housing pot of some £56 million will be made available for local authority and registered social landlord sites from 2006–07.

Mr. Baron: We can bandy figures about in the Chamber, but a council that is about to seek eviction can be told suddenly by the Government to stop and give the Travellers a two-year extension. During those two years, the number of caravans can increase significantly. Does the Minister not accept that outside the House many people believe that the Government should pay an appropriate proportion of the increased costs, because their decision to provide a two-year extension led to a significant increase in the number of caravans?

Jim Fitzpatrick: I am sorry, but we do not accept that. We introduced the two-year extension in an attempt to ameliorate the situation and solve problems. We wanted to provide time to make sure that we did not provoke a crisis for settled communities, Travellers, local authorities and enforcement agencies such as the police service. Problems with evictions could be resolved over the course of time. Obviously, that did not happen in Basildon where, over the two years, the site became bigger and there was no attempt to use local authority powers to restrict the number of people coming on to the site. There is therefore some local responsibility for the fact that the position is more difficult now than it was two years ago. As I have outlined, that is a local statutory responsibility: we do not have that responsibility, and we will not take it upon ourselves.

As I was saying, the Government grant available to local authorities this year is £8 million. It is being used to allow local authorities to build new residential sites for rent as well as to refurbish existing sites. Local authorities could do more to deal effectively with unauthorised development, and we plan to provide further help by producing an enforcement toolkit to provide guidance. The purpose of the guidance is to support local authorities and the police in taking whatever action is required to address the local problem that they face. Under powers in the Town and Country Planning Act 1990, as amended by the Planning and Compensation Act 1991, local planning authorities have wide-ranging enforcement powers to deal with unauthorised development, including enforcement notices and stop notices, which carry penalties of up to £20,000 for non-compliance, and injunctions in the High Court or county court that can be used to restrain any actual or expected breach of planning control.

Since 7 March this year, local planning authorities have been able to use a new enforcement power—the temporary stop notice—where they consider that a breach of planning control has taken place and it is expedient that the activity that amounts to the breach is stopped. Temporary stop notices were introduced by the Planning and Compulsory Purchase Act 2004, and they are a new general enforcement power. Temporary stop notices have already been used, and I am aware of at least one case in which they were used both to stop the development of a Gypsy and Traveller site and to prevent caravans from going on to the site. Under the regulations, temporary stop notices can be used to halt all development. They need to be reviewed and, over the longer term, there should be scope to link stronger enforcement with greater site provision. Those measures should go hand in hand both nationally and locally, like measures to tackle unauthorised encampments.

I share the hon. Gentleman's concerns that the planning control regime should not appear to encourage unauthorised development. It is clearly unsatisfactory for anyone to carry out development without first obtaining the required planning permission. However, to remove the prospect of retrospective planning permission would excessively penalise those who inadvertently undertook work without permission.

The Government's current approach is that development without planning consent or in breach of a consent which has been granted is not an offence, and that criminalisation would be an inappropriate and disproportionate response. The margins between lawful and unlawful development are not sufficiently clear-cut to form an acceptable basis for a new criminal offence.

Mr. Baron: Will the Minister, if not now, after the debate, address the specific issues that I raised with regard to the temporary stop notice? There are major flaws with that, and I tried to outline the main ones. Will the hon. Gentleman reflect on my comments and let me have his response after the debate?

Jim Fitzpatrick: I am happy to give that assurance. I should have said earlier in my contribution that temporary stop notices will need to be reviewed over the longer term. We have given that commitment and I am happy to repeat it. We would be pleased to receive comments that the hon. Gentleman wishes to contribute to that from the experience of his constituents.

As I was saying about retrospective planning permission, we do not believe that magistrates courts are a suitable forum in which to argue the technicalities of planning legislation that a criminal prosecution would require.

In conclusion, the Government have sought to tackle these problems from three directions. We have obliged local authorities to do more to identify appropriate sites within their local plans where there is a demand. We are also providing funding for sites —£8 million this year and £56 million over the following two years. We have strengthened the powers of local authorities to take swifter enforcement action against illegal developments by introducing temporary stop notices, and we have provided local authorities with stronger powers to tackle antisocial behaviour. Gypsies are part of the community and they have the same rights as anyone else, but with rights come responsibilities, and we support tough action by councils and local police to tackle illegal behaviour, including, where appropriate, the use of antisocial behaviour orders.

On the hon. Gentleman's question about the housing needs assessment, we have issued draft guidance. His county, Essex, as well as Cambridgeshire and Bedfordshire, are already conducting housing needs assessments and the final guidance will be issued by the autumn, so the position will be clear for all local authorities.

We will be working with local authorities to ensure that they understand their powers and duties, to encourage site and service provision, to promote the effective use of enforcement powers and to tackle antisocial behaviour. I am confident that when local and central Government work together, and are supported by elected politicians at local and national level, we will start to see real changes on the ground which will benefit Gypsies and Travellers and the settled community alike.

Question put and agreed to.

Adjourned accordingly at eight minutes to Five o'clock.

House of Commons

Monday 18 July 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Incapacity Benefit

1. **Ian Lucas** (Wrexham) (Lab): If he will take action to identify recipients of incapacity benefit who will be permanently unable to work. [12300]

The Secretary of State for Work and Pensions (Mr. David Blunkett): As part of the emerging conclusions of the review of welfare reform, I shall recognise in the autumn that there is a group of individuals who, permanently or temporarily, are so severely ill or disabled that it is impossible at that time for them to take up work, and that they deserve all the support that we can give them. The reform agenda will, however, ensure that we do not write anyone off, and that we write them in if they are prepared and able to take up the opportunities that we as a society have an obligation to provide for them.

Ian Lucas: There are indeed individuals who are not fit to work and never will be. At present, some of them become distressed by receiving application forms which are unnecessary and which, in an improved system, would not be delivered to them. I urge my right hon. Friend to continue with the course that he is following to assist those who are capable of work to move into work, but to ensure that those who are not capable do not have to fill in the forms that sometimes cause them so much difficulty.

Mr. Blunkett: I accept my hon. Friend's point entirely. There is a category of exemption and it is clear that those, for instance, who have terminal illness should be treated quite differently from those who, temporarily or on a longer-term basis, might be able to return to work with the right sort of help and encouragement. The system should reflect that difference, and our welfare reform paper in the autumn will seek to reinforce that.

Mr. David Heath (Somerton and Frome) (LD): Will the right hon. Gentleman consider the position of those who have long-term mental illness that is often episodic? The present benefits system does not cope with them because it does not recognise the times when people are available for work and the times when they clearly are not available for work and are suffering from the illness, which is almost certainly long-term and may be permanent.

Mr. Blunkett: The welfare system must reflect the fact that increasingly, people may be able to undertake work for a period and then find themselves on benefits for a time. They need to be able to return to benefits without any disadvantage and in the easiest possible way, not only for themselves but to assure employers that there will not be a major disadvantage to them. We are considering how we could work more effectively with employers to keep those people on the books while not disadvantaging the employer. The linking rules, which are improved substantially from next year, will make it possible for people to return to their benefit after a substantial period in work. There is much more to be done on this, and given that 40 per cent. of those on incapacity benefit have at least some form of mental health problem, it is an increasing challenge.

Andrew Mackinlay (Thurrock) (Lab): I am grateful for what the Minister has said and the sensitivity with which he said it. Each of us has constituents with such deep, lasting psychiatric problems that they are unemployable. They recognise that, as do those who administer the system. It is an embarrassment to employers when they are sent along. It cannot be rocket science that a common-sense rule should prevail. I hope the Minister will be able to imbue the system and regulations with that and hand it down the pyramid. Common sense would help everyone, but at present it is not and cannot be applied.

Mr. Blunkett: The personal capability assessment ought to be able to distinguish between those with severe mental health problems and those with temporary depression, who constitute quite a large proportion of the 38 per cent. who are on IB, for whom positive help, including work, would be a way out of that challenge. Including those who are entitled to IB through the personal capability assessment, we ought to be able to distinguish between people who will be supported long-term and those who will continue to get help, even though they are receiving incapacity benefit.

Mr. David Heathcoat-Amory (Wells) (Con): Last week the Government discovered that they had overlooked another 130,000 incapacity benefit claimants, bringing the total to 2.8 million, so reform is urgent. Will the Secretary of State confirm that on 12 May the Prime Minister promised on his behalf at his weekly press conference that

"there will be a Green Paper on reform of incapacity benefit before the summer recess"?

As we have only three days to go, will the Secretary of State tell us on which day this week the Green Paper will be published, or is that yet another Prime Ministerial promise made within days of a general election, to be broken only a few weeks later?

Mr. Blunkett: First, the previous Government set in train the sampling system for incapacity benefit recipients. This is the first occasion on which I have been

criticised at the Dispatch Box for openness, transparency and clarity in making the figures more realistic and more honest. Although the figures have been readjusted to conform with reality rather than sampling, the downwards trend and the 29,000 reduction in recipients remain the same.

Secondly, I will not publish the Green Paper today, tomorrow or on Wednesday. We have concluded that we must properly assess the situation in 10 weeks—*[Interruption.]* Well, I do not imagine for a moment that the Opposition, given their problems, are keen to address the issue now rather than at length in the autumn, when they might have a leader with whom we can deal.

Women's Pensions

2. **Tony Lloyd** (Manchester, Central) (Lab): If he will make a statement on his recent announcement of a consultation on making the pension system work better for women. [12302]

The Secretary of State for Work and Pensions (Mr. David Blunkett): Last week, I announced that we will produce a background paper and hold a forum on the long-neglected group of individuals known as women before the publication by Adair Turner of the Pensions Commission report. Women have lost out enormously over the years, first, because of social and economic change and, secondly, because of the change in both family and work patterns.

Tony Lloyd: May I congratulate my right hon. Friend on his positive tone on women and pensions? Working patterns are becoming more complicated in both the world of work and, indeed, the world of non-work, and both men and women are taking time off from the workplace to retrain, to undertake caring duties or for other reasons—for example, part-time working has trebled among men in the past 10 years. As the Equal Opportunities Commission has argued, if we get it right for women, we get it right for everyone.

Mr. Blunkett: That is a lovely phrase. Although it does not hold true for everything in life, it is attractive when used in relation to retirement income. Given that we had to intervene to overcome poverty in retirement, and that twice as many women have benefited from the pension credit as men, it is self-evident that the historic failure to recognise caring duties has disadvantaged women enormously. Only 17 per cent. of women currently retire with full entitlement compared with 80 per cent. of men, so the challenge is great.

Tony Baldry (Banbury) (Con): Why do the Government not reduce the lower earnings level to about £60 a week, which would enable more than 500,000 women to enter the state retirement pension system? The national insurance system is not an insurance system—it is a covenant whereby today's taxpayers undertake to pay for today's pensioners on the understanding that a future generation will pay for our pensions. It is harsh that the system excludes so many women because they do not earn enough.

Mr. Blunkett: That is a good point, and it was the reason that my predecessor and the Chancellor agreed to lift the national insurance threshold to £94 a week and to reduce the eligible earnings limit to £82 a week, which entitled 500,000 women. We are making progress, but much remains to be done, and I am glad that at least one Opposition Member supports the trend of our policy.

Mr. Jim McGovern (Dundee, West) (Lab): Many women lose out on pension equality not only because they take time out to care for children early in life, but because they take time out later in life to become carers. Will the Secretary of State take steps to address those issues on behalf of women?

Mr. Blunkett: Yes, I will. The support that the Labour Government introduced for those who are caring can be extended. One of the key issues that we will want to address in the autumn is how people can be provided with accreditation during the period for which they are involved in caring, which the current home protection does not do.

Mr. David Laws (Yeovil) (LD): On making the pension system work better for women, does the Secretary of State agree that this is not only about reforming the basic pension but about ensuring that there is good provision in areas such as occupational pensions? The ombudsman is considering the issue and the report is expected in a couple of months. If the ombudsman finds maladministration on the part of the Government, will compensation be paid?

Mr. Blunkett: I think it would be wise for me to wait until the ombudsman reports before making commitments to Parliament that might lead me down avenues that I would regret, especially since, as has been pointed out, we have only three days until the recess. I can say, however, that in the past few years enormous steps have been taken to redress some of the issues that might otherwise have been highlighted in the report—for instance, the position of part-time workers, the majority of whom happen to be women, who from five years ago had their entitlement adjusted. In fact, 6 million workers were put on equal terms in relation to occupational pension rights in a way that had not occurred before. For a whole tranche of the people whom we represent, there have been massive improvements in entitlement and in reality.

Vera Baird (Redcar) (Lab): I congratulate my right hon. Friend on the speed with which he grasped the gravity of the situation facing women as regards pensions. He really is to be congratulated on doing that so well.

May I return to the lower earnings limit and contributions for the basic state pension? The lower earnings limit may well be too high—about 1.4 million women are priced out of getting contributions to their pensions—but another problem with it is that someone with two part-time jobs cannot aggregate the earnings. Even if they are earning well over the lower earnings limit and working for 40 hours a week, without the ability to aggregate they will still get no contribution to their pension. Will my right hon. Friend look at that as a matter of urgency, too?

Mr. Blunkett: Yes; my hon. Friend the Minister for Pensions indicated in a recent debate that we are prepared to consider this complex area. However, the Chancellor has managed to reflect the principle in the tax credits system, whereby two people can credit their hours together in order to reach the eligible 30 hours for the upper limit. It is therefore not beyond the wit of woman or man to find a system that might address the inequality and inequity that my hon. Friend outlines.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Is the Secretary of State aware that while we welcome his call for a national consensus on women's pensions and pensions generally, we have noted his charming admission that such a consensus does not yet exist within the Cabinet? Will he confirm that the Chancellor of the Exchequer is the problem, and will he share with us what exactly they disagree about?

Mr. Blunkett: The right hon. Gentleman has a sense of humour, which is very welcome. The Chancellor of the Exchequer has, through the pension credit, lifted 2.7 million people out of poverty in retirement.

Andrew Mackinlay (Thurrock) (Lab): To his credit.

Mr. Blunkett: As my hon. Friend says, it is to his credit that he has done so.

We are therefore at the starting point of accepting the challenge of the nation in ensuring that people are not in penury in retirement, and then moving forward to incentivise people and to ensure that they think and plan for the future. The Government will play their role alongside employers and individuals. This is not about divides between particular individuals or politicians; it is genuinely a challenge for the nation, and any party that seeks to duck it and to make party political capital out of it will be dealt with severely by the people whom we serve.

Mental Health

3. **Dr. John Pugh** (Southport) (LD): What steps he is taking to get people with long-term mental health problems back into work; and if he will make a statement. [12303]

The Minister for Employment and Welfare Reform (Margaret Hodge): We want to support the many people with mental health conditions who want to keep their jobs or to return to work. For many, work helps them to maintain or regain their confidence and self-esteem and improves their mental health and well-being. Our new deal for disabled people and pathways to work are two schemes that demonstrate what works best for people with long-term mental health problems. We will build on that knowledge and success in the proposals that we expect to publish in the autumn.

Dr. Pugh: I thank the Minister for her response. Given that mental health problems account for as much benefit money as back problems, the public stigma attached to such problems and the lack of public understanding of them, does she agree with Mind that we need a more proactive approach both to helping people with mental health problems into work and to keeping them there?

Margaret Hodge: I agree entirely with that proposition. We do need a more proactive approach, which is why the Government have been introducing innovative new schemes such as pathways to work and the new deal for disabled people, and why the Green Paper that we shall put forward in the autumn will cover this very issue. I hope that the hon. Gentleman will join the debate which we hope will stem from that Green Paper.

Roger Berry (Kingswood) (Lab): One source of support for those with mental health problems is the access to work programme, and yet it seems to be one of the best-kept secrets in government. Three out of four employers have not heard of it, let alone know what it does. Will my right hon. Friend give a commitment to the House this afternoon that the Government will engage in a serious publicity programme in relation to access to work and ensure that the effects of that are properly funded—that there is more money for access to work?

Margaret Hodge: I hope that my hon. Friend will support me in the necessary cuts that might follow were we to double or treble that budget, which I agree is well used. That budget has been doubled since we have been in government, and has been used effectively. With the new obligations on employers arising out of disability discrimination legislation, we are considering how it is right to expect employers, especially public sector employers, to make reasonable adjustments in the workplace for some people with disabilities who work, and how we can reuse some of the money and resources thereby released to get greater take-up. The scheme is undoubtedly popular, and I would love to be able to expand it to its fullest. I agree with him that we should build on what works best.

Mr. Rob Wilson (Reading, East) (Con): Is the Minister aware that her Government are making significant problems for people who are trying to get back into work? I recently visited a mental health charity in my constituency that offers people four hours' work a week in return for the minimum wage. When the minimum wage rises to £5.05, either their benefit or the work that they do at the charity will have to be cut. Will she consider that urgently and try to remedy the situation?

Margaret Hodge: We are constantly reviewing the limits that enable people to do some work while retaining their full benefits, to have regard to changes in work rates and inflation. It is important for many disabled people who have been locked into benefit dependency for a long time to enjoy the opportunity of a few hours in work as they move into proper paid jobs—*[Interruption.]* I have just said that we constantly keep the matter under review, and I hope that the hon. Gentleman accepts that as an undertaking.

Lyn Brown (West Ham) (Lab): Does the Minister agree that a good way of reintroducing people into work is through sessional and part-time work? If so, is she aware that the earnings disregard element within the jobseeker's allowance and income support has remained static for many years? Will she agree to consider that in the next Budget?

Margaret Hodge: We will always review all the earnings disregards to ensure that they are properly set so that we encourage those who have been out of the labour market for a long time to start re-entering it, and to ensure that people get paid the proper rate for the job that they do. We always keep that under review, and I assure my hon. Friend that we will continue to do so over the coming years.

Pension Protection Fund

4. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): If he will make a statement on the Pension Protection Fund's statement of investment principles. [12304]

The Minister for Pensions Reform (Mr. Stephen Timms): The Pensions Act 2004 requires the board of the Pension Protection Fund to prepare and maintain a statement of its investment principles and policies. The statement was first published on 23 June, and is available on the PPF website.

Mr. Crabb: Does the Minister consider it consistent with concerns about moral hazard in pensions protection for the PPF to take equity stakes in companies?

Mr. Timms: In its first year of operation, no schemes will be transferred to the PPF. The first statement can therefore state confidently that 100 per cent. of its assets will be invested in bonds. It will, however, review the statement every 12 months. We can expect a revised statement once scheme assets and liabilities start to be transferred, as annexe 3 to the current statement makes clear.

I think that the hon. Gentleman has the Heath Lambert case in mind. I understand that the company sought clearance from the regulator for a restructuring that involved its pension fund taking a 10 per cent. equity stake in the new company. Especially in the light of the concerns about moral hazard that the hon. Gentleman rightly identified, before giving clearance the regulator must be sure that the company is heading for insolvency, so there would be a call on the PPF in any event. If the scheme were transferred to the PPF in the future, the PPF would hold that stake. I do not see anything inappropriate in that arrangement.

Richard Burden (Birmingham, Northfield) (Lab): Does my hon. Friend agree that one of the most important investments that the PPF makes on behalf of us all is in ensuring that those who would otherwise lose all their pensions, or a substantial amount of them, receive valuable support? I congratulate the Government on introducing that system, but problems are arising in relation to people who have taken early retirement. My hon. Friend will be well aware of the position at MG Rover, where some people could not even achieve the 90 per cent. of earnings, subject to the cap, that others below pensionable age will receive. Will he look into that? It could have perverse effects for the PPF.

Mr. Timms: I agree with what my hon. Friend says about the importance and value of the PPF's work in helping to rebuild confidence in pensions saving. I also pay tribute to the work that he has done—not least in a number of telephone calls to me—on behalf of his constituents working at Rover.

Under the arrangement made by Parliament, the PPF will provide 90 per cent. compensation for those who, immediately before the assessment date, are under the scheme's normal pension age. That applies to those who took early retirement, as well as those who are still in work. Otherwise, those who continued to work would be penalised. As my hon. Friend says, the amount is subject to a cap which is currently £25,000 a year.

It is necessary to establish the right balance between compensation, which we all want to be maximised, and the cost to other schemes through the levy. If we removed the 90 per cent. cap, there would be an additional cost of about £100 million a year to levy payers. I think we have set the right balance.

Mr. Nigel Waterson (Eastbourne) (Con): Does the Minister agree that at a time when large pension funds have moved from equities to bonds, it is at least counter-intuitive of the PPF to invest in the shares of companies that face financial difficulties precisely because of their pension deficits? Does he expect deals such as the one that was done with Heath Lambert to be rare events? Will he confirm that the details of that deal will be placed in the public domain? If not, why not?

Mr. Timms: Such deals will certainly be rare events, but, as I said, the arrangement that was agreed means that the Heath Lambert pension fund will obtain an equity stake in the new company. If it subsequently goes to the PPF, other assets owned by the Heath Lambert fund will go with it, but I do not think that that will happen very often. The regulator is aware of the impact of a company collapse on employment and will always bear it in mind, along with its primary duty to protect pension scheme members.

Child Support Agency

6. **Paul Rowen** (Rochdale) (LD): What his estimate is of the number of outstanding Child Support Agency claims. [12306]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Of 680,000 new scheme applications, 260,000 are still to be cleared. A further 78,000 old scheme cases are still to be cleared, down from 130,000 a year ago. Some progress has been made, but those figures again illustrate the scale of the problems with the agency. We have therefore asked the chief executive to conduct a strategic review. His findings will be presented in the coming months, and we will report to the House in due course.

Paul Rowen: I am sure that the Minister will recall that, in January, the Select Committee on Work and Pensions expressed concern and said that the CSA was living on borrowed time. At that time, just under a quarter of a million cases were outstanding. On the figures that he has given us this afternoon, the figure is now up to 330,000. Does he agree that the CSA is living not just on borrowed time but on stolen time and that that delay is causing misery and despair for many working families?

Mr. Plaskitt: The delays are, of course, a problem. I think all hon. Members deal with these matters in their surgeries, which is why we are anxious to make progress in tackling the problems. The key is improving compliance rates because, if we can get those up, the agency can deal effectively with the backlog. I am happy to tell the hon. Gentleman that, based on the first results from 2005–06, compliance rates are reaching 82 per cent. in new cases and up to 75 per cent. under the old scheme. That is a remarkable improvement on where we were some time ago.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): May I bring to the Minister's attention the fact that, as a Member representing individuals affected by the CSA, one of the great difficulties that I have is in getting a coherent response when individuals want to know when their cases will be migrated from the old to the new system? Can he give us some assurance that there will be some coherent rationale for the migration and then ensure that the civil servants at least let us know what it is?

Mr. Plaskitt: There is quite a queue forming on the migration question. Indeed, I used to ask about it myself quite regularly. No migration has taken place yet because we have to ensure, first, that the case files on record are clean and, secondly, that the IT is absolutely robust. Work is in progress on both those issues. Then we will be in a position to do the migration. It will be done in a logical way, which should enable my hon. Friend and others to reassure their constituents. It is a little way off but we will report on it later in the year.

Mr. Mike Weir (Angus) (SNP): Should the day of migration ever, thankfully, come, there will still be a problem in that, as I understand it, it may be several years before migrating cases will converge with those under the new scheme. Given the delays that there have been in the system, will the Minister look at whether it is possible to accelerate the convergence between the two payment schemes?

Mr. Plaskitt: It is worth pointing out that there are at the moment 480,000 new scheme cases on the new system and 680,000 old scheme cases on the old system. Some migration already takes place: where there is a linkage in cases, they transfer to the new technology. As I said in answer to my hon. Friend the Member for West Bromwich, West (Mr. Bailey), as soon as the files are clean and the IT is robust, we will be in a position to commence the migration.

Chris Bryant (Rhondda) (Lab): I hope that I am not letting the cat out of the bag, but the Minister will know that one way of getting migrated from the old to the new system is to persuade an ex-partner to suspend her claim for a few weeks while continuing to pay her child support allowance and then to make a new claim. Is not there a mounting injustice that we need to put right urgently? Some of the letters that are going out to constituents trying to explain the rationale fall a long way short of what the Minister has just explained to us.

Mr. Plaskitt: That is why it is important to get these issues resolved. There has to be quite a lengthy lag between the two incidents. It is not straightforward to come out of an existing case and to come back into a new one. The price of doing that is quite a lengthy period without maintenance or benefit in some cases, so although some people have looked at that possibility it is quite a tricky thing to do.

Mr. Paul Goodman (Wycombe) (Con): Since work and pensions questions last took place, the independent case examiner's annual report into the CSA has been published. She says, following on from some of the points made by the hon. Member for Rhondda (Chris Bryant), that referrals to her office have rocketed, that parents' experience of dealing with the CSA is demoralising, that it is almost impossible for people to obtain up-to-date information about their case, that they cannot have confidence in the phone system and that she has upheld the vast majority of complaints. Bearing all that in mind, can the Minister guarantee that there will be an improvement next year, or is it the case that Ministers cannot get a grip on the problems of the CSA?

Mr. Plaskitt: Let me make it clear that we welcome the independent case examiner's report. She has provided a very good analysis of the situation, but it is important to put her findings in perspective. Of some 1.4 million cases, just under 4,000 referrals were made, which is 0.2 per cent. of the agency's entire case load. Of those 4,000 referrals, the independent case examiner took up only 478, of which 84 per cent. were upheld.

Before the hon. Gentleman gets too excited about the CSA situation, he should mix his attitude with a little contrition. At the base of the CSA document, it says, "Made in Conservative Britain."

Pension Credit

7. **Mr. Stewart Jackson** (Peterborough) (Con): How many people are not receiving the pension credit to which they are entitled. [12307]

The Minister for Pensions Reform (Mr. Stephen Timms): More than 2.7 million households in Great Britain are now receiving pension credit—nearly 1 million more than the number that received the minimum income guarantee that preceded it—including, incidentally, 4,780 in the hon. Gentleman's constituency. The latest estimate is that 3.85 million households are entitled to pension credit. That is rather fewer than was first estimated, but further data should be available by the end of the year.

Mr. Jackson: I am grateful to the Minister for that reply, but will he confirm that, despite the Secretary of State's claim at oral questions on 20 June that there has been a "substantial drop" in the number of people not receiving the pension credit to which they are entitled, take-up has reduced considerably since the beginning of 2004?

Mr. Timms: Certainly not. Take-up has continued to rise, and, as I said, it is has now exceeded 2.7 million. As I also said, the estimate of the total number entitled has fallen somewhat from the original estimate, but actual take-up has continued to rise. In 1997, a lot of single pensioners had incomes of less than £70 a week through income support. Now, every one of them is entitled to at least £109 a week through the pension credit, which is the major factor behind the recent declaration by the Institute for Fiscal Studies that, for the first time, pensioners are no more likely to be poor than anyone else. Take-up is much higher today among those who stand to gain the most from the pension credit, and if the hon. Gentleman knows of people in his own constituency who should be receiving it but are not, I should be grateful if he would let me know.

Mr. Frank Field (Birkenhead) (Lab): Is the Minister's experience in his constituency the same as mine, which is that it is very difficult to find anybody who has been eligible for pension credit for any length of time? Might that suggest that the official data have wrongly estimated the numbers who can claim it, and that—far from there being a problem with non-take-up—the pension credit has been such a success that unless the Government undertake major long-term pension reform, it could be unsustainable in the long run?

Mr. Timms: My right hon. Friend makes a very important point about the significantly higher level of take-up, based on anecdotal evidence, than the data suggest. Overall, the data suggest a current take-up level of some 75 per cent. Take-up among those entitled to the guarantee credit—the people likely to benefit the most—is about 80 per cent., and among single women it is perhaps as high as 90 per cent. So, like my right hon. Friend, I think that the pension credit has gone a very long way toward addressing the scandal of pensioner poverty that existed in 1997.

Mr. James Clappison (Hertsmere) (Con): Does the Minister plan to undertake research into the effect of means-testing on pension credit take-up, particularly bearing in mind the commitment given by the current Chancellor when in opposition to abolishing means-testing for pensioners?

Mr. Timms: The pension credit has directed extra help at those who need it most, which is why we have seen a dramatic reduction in pensioner poverty since 1997. In addition, Pension Service staff spoke to the more than 200,000 customers who visited them in the quarter April to June 2005, in order to make sure that they received all the help to which they are entitled. That has generated 43,000 applications for the pension credit. We continue to work very hard on this issue, and as a result, we are seeing significant increases in take-up and new applications.

Mr. Sadiq Khan (Tooting) (Lab): My hon. Friend will be aware, from earlier answers to questions, of how the pension credit has changed the quality of life of some of the poorest citizens in this country. What steps, if any, are in place to ensure that information about how to apply for the pension credit reaches the parts of the community that most need it—ethnic minority pensioners, for example, or women pensioners who, as we heard earlier, are often at the bottom of the chain when it comes to receiving pension entitlements—and where pensioner poverty is the likely result?

Mr. Timms: I completely agree with my hon. Friend. Many of us had the experience during the election campaign of meeting retired people whose lives had been transformed by the improvements brought about by the pension credit. We are working hard at finding new ways of getting information across. I agree that there is a particular challenge when it comes to pensioners in the ethnic minority communities, and we are developing some new ideas. Many visits are taking place: I have already mentioned that there were 200,000 in the last quarter as compared with 130,000 in the same quarter of the previous year. What I hope we will increasingly be able to do is to use data that the Department gains from other sources to identify those who stand to benefit from pension credit but are not yet receiving it. We can then help them to make a claim and perhaps even inform them that they are entitled to the credit although they do not realise it. There is much important work to be done on that.

Mr. Nigel Dodds (Belfast, North) (DUP): Despite what the Minister says about the take-up of pension credit, the figures show that in Northern Ireland only one in three pensioners are in receipt of it. Will the Minister look further into the issue of regional differences in the take-up of pension credit? What can be done to improve the take-up in areas where it is particularly low? The figures that I quoted are actually official figures released by the Government.

Mr. Timms: I did not quite catch the statistic that the hon. Gentleman gave. If he is saying that one in three pensioners in Northern Ireland are actually receiving pension credit, that is not very far out from the proportion that obtains across the country as a whole. If there are difficulties in Northern Ireland that the hon. Gentleman thinks require special attention I would of course be happy to discuss them with my ministerial colleagues.

Medical Appeal Tribunals

8. **Mr. Gordon Prentice** (Pendle) (Lab): What steps he is taking to review the operation and effectiveness of medical appeal tribunals. [12308]

The Minister for Employment and Welfare Reform (Margaret Hodge): Appeal tribunals and their decisions are totally independent of the Department. We do, however, have responsibility for their administrative support. From April 2006, that responsibility will be transferred to the Department for Constitutional Affairs. We currently have no plans to review operational procedures of the appeal tribunals.

Mr. Prentice: I must tell my Friend that that is a disappointing reply. Amazing as it may seem, doctors sometimes get things wrong and they sometimes underestimate the severity of the condition that they are diagnosing. My concern is that, in some cases, the medical appeal tribunals accept the original diagnosis at face value, which can lead to injustice. My question to my Friend is this. Notwithstanding the fact that appeal tribunals are independent bodies, surely training is needed so that members of the MATs can learn from their mistakes.

Margaret Hodge: I am still trying to find the question rather than the statement in that, but I took the first element of the statement as being that doctors occasionally get things wrong. Well, yes they do, but so do we all—*[Interruption]*—Opposition Members as well as Government Members, although some of us are better at admitting it than others. On the issue of training, all those who support the appeals process are trained and the chairman of the appeals tribunal has a statutory duty to ensure that all are trained. The medically qualified personnel are also trained and the chairman undertakes that training in consultation with the chief medical officer.

Miss Anne McIntosh (Vale of York) (Con): Will the hon. Lady look carefully into the issue of expert medical witnesses in all tribunals and courts of law in the light of the discredited evidence given by Sir Roy Meadows? Will the Government pause for reflection and issue stringent guidelines as to the context in which such expert medical evidence should be considered?

Margaret Hodge: I have a lot of respect for the hon. Lady, but she has strayed a bit from what is relevant for discussion at this afternoon's questions. The issue that she mentioned has absolutely nothing to do either with social security appeals tribunals or with any of the tribunals that are responsible for ensuring benefits. I am sure that the issue that she has raised, arising from publicity about a decision taken last week, will be dealt with appropriately by all Ministers and authorities who have direct responsibility for it. We do not.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): My right hon. Friend will be aware that those particular doctors are all employed by private firms. Although I am sure that the Department for Constitutional Affairs is full of people with great medical expertise, I wonder if my right hon. Friend can give me some assurance that there will be a medical audit of the medical skills of the people employed by those private firms?

Margaret Hodge: I can give my hon. Friend that assurance. All those who give their advice as medical practitioners need to demonstrate to whoever they work for that they are appropriately qualified as medical practitioners. That will be part of the infrastructure for any of the work associated with any of the benefits for which we have responsibility.

Miss Anne Begg (Aberdeen, South) (Lab): We know that more than 50 per cent. of appeals overturn the original decision, so there is obviously a big issue about getting the decision right in the first place. That is of particular interest to my constituents with mental health problems, who lose their benefit. They know that they are unfit to work and will not sign the jobseeker's allowance form because that entails stating that they are ready for work and so losing their income support. In both the cases I have in mind, my constituents won on appeal, but they suffered a great deal of stress while they were waiting because they had no income on which to live.

Margaret Hodge: I appreciate the issue that my hon. Friend draws to the attention of the House and we are looking at it as we think through the reforms that will be part of the Green Paper to be published in the autumn. All the matters that go before tribunals, or are subject to assessment, are always a matter for professional judgment and it is difficult to get utterly consistent, universal results. That is something that we all have to live with, but what we must try to do is to minimise the impact that that can have on an individual's standard of living or their life chances.

Health and Safety (Theme Parks/Fun Fairs)

9. **Mr. Graham Allen** (Nottingham, North) (Lab): What representations he has received from the family of Megan Wilcox on health and safety arrangements at smaller theme parks and fun fairs; and if he will make a statement. [12309]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): First, I extend my sympathy to the family of Megan Wilcox for their tragic loss. I have received no representation from the family. I am aware, however, that my hon. Friend has himself been in recent contact with Lord Hunt of Kings Heath, the Minister responsible for health and safety.

Mr. Allen: I thank my hon. Friend and Lord Hunt for the personal interest that they have taken in this tragic case of a seven-year-old girl who tripped and fell in a fun park and died from her injuries. Is my hon. Friend as surprised as I was to discover that owners of fun parks, theme parks and fairgrounds have no legal obligation to have adequate first aid available for members of the public? Will she redouble the considerable effort that she has put into this case already and ensure that local authorities and the Health and Safety Executive talk to each other and possibly bring forward new law or guidance to ensure that the tragedy that affected my constituents' young daughter never happens to any young person again in such circumstances?

Mrs. McGuire: There is no statutory requirement to provide first aid facilities for the public, but it is encouraged in the guidance for fairgrounds and amusement parks agreed between the industry and the Health and Safety Executive. We want to ensure that good practice is followed so that the circumstances that my hon. Friend has described do not arise. I shall therefore ask the HSE to explore how good practice in first aid provision could be better promoted in the theme park and fairground sector, including the scope for it to be attached to public entertainment licences as a condition.

Mr. Tim Boswell (Daventry) (Con): The tragic case of Megan Wilcox will remind the House—if indeed many Members are not already well aware of the situation—of the consequences for an individual family in the distressing circumstances of accidental death. More practically, it will remind us all that the aggregate consequences of trips and falls and so on are every bit as important as those of catastrophic safety accidents. In the light of that, will the Minister join me in expressing disappointment that in the five years since Ministers bravely set health and safety targets, there has been no clear evidence of improvement across the piece, and that the Department's recent performance report on health and safety shows that all three parts of the target are currently subject to slippage?

Mrs. McGuire: I echo the hon. Gentleman's words in the first part of his comments. The targets established in 2001 were challenging and it is disappointing that there appears to have been some slippage, but we have to reinforce constantly the importance not just of corporate but of individual responsibility for health and safety. I can give the House the assurance that the Health and Safety Executive will constantly reinforce the message that health and safety issues are everybody's business.

Stakeholder Pensions

11. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): If he will make a statement on stakeholder pensions.
[12311]

The Minister for Pensions Reform (Mr. Stephen Timms): Almost 2.5 million stakeholder pensions have been sold in their first four years and are increasingly helping to ensure that everyone has the chance to save for a decent income in retirement.

Mrs. Dorries: According to the Prime Minister, it is absurd to suggest that stakeholder pensions have failed. However, according to the Pensions Commission the vast majority of small company stakeholder schemes are empty shells with no contributing members. Who do we believe, the independent non-partisan commission or the Prime Minister?

Mr. Timms: Stakeholder pensions have enabled many people to start saving for their retirement. They have also led to sharp reductions in the charges for personal pensions across the board, and as the Minister who had a hand in starting them up six years ago I take some pride in the achievements that we have seen since then. There are certainly some issues that need to be addressed; a large proportion of employer-designated schemes do not currently have members, but the role of employers is, in our view, key to promoting pensions saving. Designation will give us an employer-based infrastructure for pensions saving. The challenge is to increase the use of that infrastructure, and that is what we intend to do.

Mr. Crispin Blunt (Reigate) (Con): Given that the Pensions Commission found little evidence of increased contributions owing to stakeholder pension schemes, does the Minister share the same definition of success as the current chairman of the Labour party who, when he was a Pensions Minister, said that the scheme was a tremendous success?

Mr. Timms: As I said to the House, there are almost 2.5 million stakeholder pensions, and contributions to them in the last year for which we have data topped £2 billion, so they are making an important contribution. The work of the Pensions Commission is to advise us how we can further increase pensions saving and I am sure that the hon. Gentleman, like everyone on the Labour Benches, is very much looking forward to the commission's report later this year.

Mr. Edward Garnier (Harborough) (Con): Whatever the merits or demerits of the stakeholder pension system, does the Minister agree that, for many of my constituents who were pensioners of British United Shoe Machinery, stakeholder pensions are of little assistance? The BUSM pension disappeared under mysterious circumstances. Will the Government apply their mind to looking into the matter and finding out where the money went and what can be done to assist the pensioners of that company in my constituency?

Mr. Timms: I am happy to look into the instance to which the hon. and learned Gentleman referred. In recent years, there have been too many instances of that kind, which is why we introduced the Pension Protection Fund and the financial assistance scheme, but I shall be happy to look at the particular case that he raises.

Jobcentre Plus

12. **Hywel Williams** (Caernarfon) (PC): What representations he has received regarding the closure of Jobcentre Plus offices in north Wales and Porthmadog.
[12312]

The Minister for Employment and Welfare Reform (Margaret Hodge): Since July 2004, the Department has received representations from a number of interested parties. The development of Jobcentre Plus is not about closing offices but about transforming the service that we provide, thus making it more accessible, so that people obtain help in finding work at the same time as they apply for benefits. I am confident that Jobcentre Plus is well placed to deliver a high-quality service to people in north Wales.

Hywel Williams: I thank the Minister for that answer. The closure of the centre in Porthmadog will lead to the loss of some 50 jobs, and the closure of the Revenue office will also deal a further blow to the fragile and very local economy of north-west Wales. What discussions has she had with Economic Ministers in Cardiff regarding those economic effects of her policies?

Margaret Hodge: Every time we embark on a reconfiguration of services in a locality, we engage in extensive discussions to ensure that, if at all possible, alternative employment is found for some of the people who will be displaced by the reorganisation. I assure the hon. Gentleman that we will make every effort that we can in those reorganisations to try to secure alternative employment for the people who will be affected by them.

Departmental IT Programme

13. **Anne Main** (St. Albans) (Con): If he will make a statement on the development of the IT programme for the modernisation of his Department. [12313]

15. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on the development of the information technology programme for the modernisation of his Department. [12315]

The Minister for Pensions Reform (Mr. Stephen Timms): The Department's programme is being designed to realise the enormous potential of IT to modernise and improve our services, building on successes such as the direct payment of benefits and the Jobcentre Plus online database of more than 400,000 current vacancies.

Anne Main: Is the Minister aware of the concerns expressed by some of his civil servants who will have to use the debt management IT service, who have said that the bits they have been allowed to see are not fit for purpose but that things are being rushed to meet certain dates, and that if the system goes live, we are going to be in a long-term mess?

Mr. Timms: I am aware of some concerns about the customer management system in Jobcentre Plus. Its implementation, which was due in June in some offices, was delayed until this month. There will be a further software release for that system during the summer, and we remain on track to complete its roll-out by the end of next year. However, I hope that the hon. Lady will accept the very striking examples of the successful use of IT in the welfare system. I have mentioned the online database of 400,000 jobs, which replaces the scruffy old postcards that Jobcentres used years ago. Smart terminals are now not only used in Jobcentres—I noticed one the other day at Stansted airport—and they will be appearing widely in the coming months. Direct payment has also been a success: 96 per cent. of benefit customers now receive their benefit by direct payments, instead of using the ration-book technology bequeathed to us by the previous Government. The hon. Lady should welcome that success as well.

Michael Fabricant (Lichfield) (Con): I am glad to hear from the Minister that version 999 is to be issued during the summer. He has a deserved reputation in IT. What is going wrong in his Department? Is it a case of garbage in, garbage out? Is the wrong systematic description of what is required being given to the software provider? Who will own up to saying what is going wrong with this, just as they have gone wrong with the tax credit system?

Mr. Timms: The Department has 35 major IT systems, including some of the largest in the world. Of course, it is a complex task to modernise and renew them. I am grateful to the hon. Gentleman for his kind remark. He is someone who also understands very well the potential of IT to improve and modernise public services. I hope that he will welcome the progress that has been made—for example, with the direct payment of benefits, which involved putting a new terminal on every post office counter position in the country. The system was on budget and on time, and it is doing a great job.

Andrew Miller (Ellesmere Port and Neston) (Lab): My hon. Friend mentioned the Jobcentre Plus terminals, which are incredibly successful and carry an amazing amount of data about the jobs that are available not just in the locality, but throughout the country. What analysis has he undertaken to find out how the customers have taken to using that kind of system? Does that system point the way forward for the design of systems in the future?

Mr. Timms: I am grateful to my hon. Friend, who is another hon. Member who well understands the exciting potential that IT offers to modernising public services. The reaction to the job point system has been very positive, and it will become increasingly positive as the terminals appear in a wider variety of locations. Of course, in addition, the database of 400,000 vacancies is available online to any internet user anywhere. That is why it is the most popular of the Government's online applications.

David Taylor (North-West Leicestershire) (Lab/Co-op): Having spent three decades in public sector IT development before coming into this place, it seems to me that, far too often high-ranking civil servants and Ministers fall for the blandishments of the modern day snake oil salesmen who populate the private IT sector. When does the Minister expect that we will show some faith in the internal staff who know the systems and can develop new projects to a better standard and within time scales in the way in which the private sector has notably failed to do?

Mr. Timms: We do indeed need to take advantage of the skills and expertise of staff who work in our Department and agencies, but we should also be able to call on expertise from outside when it makes sense to do so. Getting that balance right by getting a good mix of suppliers from the private sector will be important in achieving the success that we are committed to bringing about.

Business of the House

3.30 pm

The Leader of the House of Commons (Mr. Geoffrey Hoon): With permission, Mr. Speaker, I would like to make a short business statement. Following tributes to the right hon. Sir Edward Heath, the House will adjourn. The business for the remainder of the week will now be as follows:

TUESDAY 19 JULY—Second Reading of the Crossrail Bill.

WEDNESDAY 20 JULY—Motion to approve the draft Council Tax Limitation (England) (Maximum Amounts) Order 2005, followed by remaining stages of the Regulation of Financial Services (Land Transactions) Bill, in turn followed by a motion on the summer recess Adjournment.

THURSDAY 21 JULY—Second Reading of the London Olympics Bill.

Chris Grayling (Epsom and Ewell) (Con): I thank the Leader of the House for that statement and for making changes to this week's business so that the House today can remember a distinguished Member of more than 50 years' standing and a distinguished former Prime Minister of this country.

Mr. Speaker: I call Mr. Heath. *[Laughter.]*

Mr. David Heath (Somerton and Frome) (LD): No relation, but indeed a distinguished Member of the House.

May I ask the Leader of the House a brief question? He has obviously introduced new business for Wednesday this week. Given that a number of Back Benchers may want to speak on both the motion to approve the draft Council Tax Limitation (England) (Maximum Amounts) Order 2005 and the motion on the summer recess Adjournment, will he consider setting aside time for debate for both items of business?

Mr. Hoon: I am sure that that can be arranged through the usual channels.

Sir Edward Heath KG MBE

3.32 pm

The Prime Minister (Mr. Tony Blair): I beg to move, That this House do now adjourn.

Sir Edward Heath died yesterday after a long illness. I am sure that the whole House would like to join me in thanking the team of carers from Oxley Care who looked after him in the last few years. I know how grateful Ted was to them.

There have been many handsome and well-merited tributes to Ted Heath as a Prime Minister, as a Member of this House for more than 50 years and Father of it, and as a man of vision, principle and integrity. He was quintessentially his own man. He made up his own mind and having done so, he was unshakable. But Ted Heath would have recognised, and have been proud, that it was his momentous decision to take Britain into the Common Market that would dominate the hundreds of thousands of words written and spoken about him today. He might have been Prime Minister for less than four years, but few holders of this office have made such a lasting difference to this country, its direction and its place in the world.

Ted Heath's commitment to Europe, and his determination that Britain should be at its heart, was born of the horrors that he witnessed while fighting to liberate the continent from the evils of fascism. These wartime experiences, as they did for many of his generation, shaped him as a man and a politician. They made him determined to do all that he could to ensure that Europe was never again ripped apart by conflict.

Ted Heath could also certainly have claimed to have been the first modern Conservative leader. He came, as we know, from a relatively humble background in Broadstairs. He was a grammar school boy and through his own hard work and intelligence, he won a place at Oxford, where he became president of the union.

It was at Oxford that Ted Heath first showed he was prepared to be unpopular in defence of his political views, when he joined those in his party who opposed appeasement and supported the anti-Chamberlain cause in the famous Oxford by-election. He was also a supporter of the republican Government in Spain, a result of a visit during the Spanish civil war, where he witnessed first-hand the destruction caused by air attacks.

After distinguished military service in the Royal Artillery, he was elected Member of Parliament for Bexley in the 1950 general election. Reflecting his political passion for the next half century, his maiden speech was a plea for Britain not to stand aside from Europe, but to play its full role as an active partner. He was also a founder of the one nation Tory group, which he was to personify throughout his time in the Commons.

On coming to Parliament, Ted Heath's talents were quickly recognised, and within five years he was Chief Whip. He showed enormous skill in this post, helping to keep his party together during the difficult days of the Suez crisis, despite his own deep personal reservations. As Chief Whip, he also had a prominent role in the appointment of Harold Macmillan as Eden's successor. In return, Ted Heath was eventually promoted to the

Cabinet, and soon after entrusted with the task of heading Britain's negotiations to join the Common Market. Between 1961 and 1963, he toured Europe's capitals ceaselessly, clocking up more than 100,000 miles trying to reach agreement. I understand that the main bone of contention was agricultural policy. Ted Heath very nearly achieved agreement, only to have President de Gaulle veto Britain's membership.

Interestingly, despite the intense and humiliating frustration of rejection by France, it never altered Ted Heath's view that Britain's future was in Europe. He saw correctly that de Gaulle's opposition was in fact a reason to proceed with membership, not to abandon it—that Britain had something unique and important to contribute to Europe. He also correctly recognised that the British alliance with the United States was stronger, not weaker, by dint of European membership.

Ted Heath's hard work and intelligence during the difficult negotiations greatly enhanced his stature within the Government and the country. Winston Churchill was among the many who wrote to him to congratulate him on his efforts. In Europe, he won the prestigious Charlemagne prize, which had a practical benefit, as he used the money to buy a Steinway grand piano, which was later to move into No. 10 with him.

Ted Heath's music and sailing were, of course, a big part of his life. I think it is safe to say, even with the many candidates now putting themselves forward on the Opposition Benches as potential successors, that he is likely to remain the only Tory leader to conduct at the Royal Albert hall and win the Sydney to Hobart yacht race during their time in the post.

Ted Heath's time as Opposition leader is perhaps best known for sacking Enoch Powell, a decision that required great political courage, and for appointing Margaret Thatcher to the shadow Cabinet. *[Laughter.]* His victory in the 1970 general election was against all the odds, but his premiership came at a difficult time for the country. He was beset by problems on the economy, on industrial relations and in Northern Ireland. He showed his integrity and leadership, however, when, despite the opposition of some in his party and outside it, he offered a safe haven to 60,000 Ugandan Asians threatened by Idi Amin, a decision from which our country greatly benefited.

Of course, the outstanding achievement of Ted Heath's time at No. 10 was in January 1973, when he took Britain into the European Economic Community. It was a political and a personal triumph for Ted Heath, but it was not enough, for a country hit by a three-day week, to save his Government. Three and a half years later, after entering No. 10, he called an early general election, but was narrowly defeated. Roy Jenkins often used to say that the tragedy was that Labour lost the election in 1970, which it should have won, and won the election in 1974, which it should have lost. Certainly, Ted would have agreed with the latter.

When Ted Heath lost again in October 1974, he found himself challenged by Margaret Thatcher for the Conservative leadership, and she won. For the next 26 years, he remained on the Back Benches, a familiar sight in this place. Throughout, he never flinched from arguing for the one-nation Toryism he believed in, or from putting passionately the case for Europe. Ted was very blunt in his manner, though once you got to know him he was very kind. I remember that I first met him at a parliamentary reception in the mid-1980s shortly after I became a Member of this House. He said, "Are you an MP?" "Yes", I said. "Which party?" "Labour", I said. "Well, you don't look like it or sound like it", he said. *[Laughter.]* "What's more", he said, "as an Opposition, you're bloody useless." He then proceeded with remarkable insight to tell me exactly what we should have been doing.

His trenchant criticism of his own party leadership must have been very irritating for them. Being myself, for obvious reasons, generally disposed towards party loyalty, I was never sure about it. As those of us who can recall him know, he was magnificent; he would fill the House. I can picture him now, standing below the Gangway, often speaking without a note, with humour, incisive argument and magisterial disdain for the opposing view—swatting away anyone ill-judged enough to make a hostile intervention. To quote again his old Balliol friend Roy Jenkins, he was a

"great lighthouse which stands there, flashing out beams of light, indifferent to the waves which beat against him."

That is indeed how he was: an extraordinary man, a great statesman, a Prime Minister our country can be proud of. We shall miss him.

3.41 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): I join the Prime Minister in paying tribute on behalf of Conservative Members to the memory of Sir Edward Heath, and also in paying tribute to those at Oxley Care who looked after him so devotedly in the last few years.

Ted Heath was one of the political giants of the 20th century. As Chief Whip during Suez, as a Cabinet Minister under Harold Macmillan and Alec Douglas-Home, and above all as the Prime Minister whose single-minded determination took us into the European Economic Community, he made an historic contribution to our country. He was the last leader of the Conservative party to have served in the second world war. In common with the rest of his generation, his whole outlook on life was shaped by that titanic conflict. Even before it began, he was aware of the dangers that lay ahead. As a young man, he heard Hitler address a Nuremberg rally, and he actually met Goering, Goebbels and Himmler, whom he described as

"The most evil man I've ever met".

In the famous 1938 Oxford by-election, Ted Heath opposed the Conservative candidate, Quintin Hogg, and campaigned instead for A. D. Lindsay, the master of Balliol, who stood on an anti-appeasement platform. After the war, he saw political integration in Europe as the best way to avoid a repeat of its horrors. That became the moving force of his political career, and as Prime Minister he succeeded where Macmillan had failed, by taking Britain into the Common Market. It was controversial when he did so—he needed the votes of Members of other parties to get the legislation through the House—and it has remained controversial ever since. But Ted never wavered in his attachment to the European dream. He was utterly and unswervingly consistent. His maiden speech in this House was in the debate on the Schuman plan; his final speech was dominated by the same issue.

[Mr. Michael Howard]

Ted was less successful in achieving his other political objectives. Before the 1970 election, he outlined an exciting programme to revitalise the nation's economy based on a smaller state, lower taxes, less regulation and trade union reform. That platform, designed at the Selsdon Park hotel, provoked Labour into caricaturing his position. They depicted him as "Selsdon man" or a dangerous reactionary. Ted went through what every Conservative leader always faces in Opposition—the accusation just a few months before the election that they are lurching to the right. However, he won the 1970 election against the tide of expectation. It was a tribute to his determination to try to pursue the course that he believed to be right. His task was made much harder when Ian Macleod, his first choice as Chancellor and another political giant of the age, died tragically just weeks after the election. The problems of rampant inflation and overweening trade union power that were to dog his four years in office made him change course, and adopt instead policies that were unequal to the challenge. Yet many of the changes that he originally tried and failed to put in place were made 10 years later by his successor, Margaret Thatcher. The BBC's political editor said last night that Margaret Thatcher was a grocer's daughter in more senses than one. The fact that neither of them would perhaps welcome that thought made it no less appropriate.

After leaving office, Ted remained true to his character and continued to court controversy, especially in the Conservative party, but he did so more often mischievously than wilfully. He never lost his wit, even if it was displayed in ways not always likely to be appreciated by his successors. When speaking at the Conservative party conference in 1981, at the height of the first Thatcher Government's unpopularity, he advised the conference representatives:

"Please don't applaud—It may irritate your neighbour."

Whatever disagreements he had or manufactured, he was a Conservative all his life. He remained a remarkable House of Commons man, serving as a Member continuously for 51 years. He became Father of the House, and it was fitting that one of his final acts as a Member of Parliament was to preside in October 2000 over the election of a new Speaker—something that he clearly enjoyed hugely, and which showed him in his element. He lamented the declining influence of Parliament in holding the Executive to account—a trend which he noted had taken place under Governments of both parties, and a development that many of us, indeed, regret.

Ted was remarkable for the width and breadth of his outside interests and skills. How many leading politicians could have won the Sydney to Hobart race? How many Prime Ministers could have captained the British team to win the Admiral's cup? How many could have conducted world-class orchestras? He came from a humble background, and followed the then familiar route from grammar school to Oxford, but he never forgot his origins. Every year, Ted used to return to his home town of Broadstairs to conduct the Christmas carol concert. Music for him was not just a source of personal solace. It embodied the deeper harmonies which we, as human beings, live by. Because Ted was a private man, who did not wear his emotions on his sleeve, people often did not see his personal side, but we gain an occasional glimpse from his autobiography. His father, he wrote,

"was an excellent craftsman, and his work was greatly admired by all who saw it. The earliest examples that I can remember were the money boxes—mine of mahogany, my brother's of oak—which he made in order that we might collect our small savings in them. Each was inscribed with our name, and I still have my beautiful mahogany box in my study".

Today, we remember a Prime Minister who was a most distinguished parliamentarian, who was fearless in his views and rock-like in his integrity, and who always sought to serve his country to the very best of his ability. In this House we join together to mourn his passing.

3.49 pm

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): Despite the sadness of the occasion, I think that Sir Edward would want the House, as both the Prime Minister and the Leader of the Opposition have said, to remember his sense of optimism as well as his warmth and wit, and very often his wisdom. I think that the Prime Minister was right to mention on a couple of occasions Roy Jenkins. Sir Edward and Roy were two politicians whom I knew from afar. In Roy's case, I came to know him extremely well, and in Sir Edward's, somewhat. They shared so much throughout their different political careers that paralleled each other. They knew each other well, not least on the issue of Europe.

Many of us of a further generation have been motivated by and cared passionately about Europe. We look to a politician such as Sir Edward Heath and what he achieved. We look also at the present circumstances within the democratic Europe of today, including the difficulties that it is facing precisely because of democratic choices made in recent referendums in other countries. We must contrast these difficulties—which we hope are being reconciled peacefully through discussion—with the difficulties that motivated a previous generation, the members of which saw the differences within Europe being resolved only by bloodshed and war. That motivation for them and for the founding fathers that they looked to will, I hope, be one that motivates also the generation of European leaders today.

In many respects, as I have said, the careers of Sir Edward and Roy Jenkins ran in parallel, not only through Europe. They remained confidantes and colleagues as well as being competitors right to the end, when they went head to head in a final run-off for the chancellorship of Oxford university. After that final democratic contest between the two of them, Roy used to tell the story of Sir Edward inviting him to his marvellous house in Salisbury, next to the cathedral and proudly showing Roy round—just the two of them were having dinner together as elder statesmen.

At one point they ended up in the master bedroom. Sir Edward pointed out the view of the cathedral spire from the window. Roy being Roy said, "Ted, I think that this must be one of the 10 best bedroom views in England." There was silence. Then Sir Edward replied, "And what would be the other nine?"

Sir Edward, in that Denis Healey sense, had a hinterland as a politician and as a statesman. In his case it was a hinterland that can literally be described as

oceanic in every sense. On a personal level, when the Conservatives went into Opposition and I found myself elected leader of my party, for a number of years I sat during Prime Minister's questions where my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) now sits. Sir Edward sat where I am now standing. I have to share with the House something that for me summed him up. If there is a book to be published in future when perhaps none of us is in this place, it is the book of Sir Edward's running commentary in my right ear of the contributions in advance of my own during Prime Minister's questions, particularly his insightful running commentary of the contributions from the parliamentary Conservative party. One particular occasion comes to mind. The Prime Minister had just returned from a much-vaunted third-way summit involving Chancellor Schröder, President Clinton and Prime Minister Jospin. At the beginning of that week the French behaved in a completely unacceptable way. It was declared illegal in due course, and was very sensibly handled by the Prime Minister. It was a flouting of European law and a refusal to readmit British beef. The then leader of the Conservative party, the right hon. Member for Richmond, Yorks (Mr. Hague), was on to the issue like a shot at Prime Minister's questions. He had a cavalcade of questions and was making extremely good headway over this difficulty, understandably at the Government's expense. He finished with a great flourish, saying that it was so much for the Prime Minister's "much-vaunted third way", and that as far as his socialist friend Mr. Jospin was concerned, it was more a "case of two fingers."

The right hon. Gentleman sat down to great cheers and the waving of Order Papers from the more Euro-sceptical sections of the parliamentary Conservative party. At that point, sitting in the place now occupied by my right hon. and learned Friend the Member for North-East Fife, the sphinx sitting next to me moved imperceptively. He flicked a disapproving look, leaned over and said, "Such a vulgar little man." The House will adjourn today—I do not think it will divide on that proposition.

With regard to Sir Edward, both on a very human level and on a statesman-like level, he was a gifted man, a good man and a very great man. One cannot say of many politicians of whatever persuasion that they changed the course of history, but he did, and for the better. We miss him very much.

3.55 pm

Sir Stuart Bell (Middlesbrough) (Lab): I may be the only Member of the House who shook Ted Heath's hand after the election of 1970. I had flown over from New York to celebrate a great Labour victory and I was sitting in my hotel a few yards from the Albany, where Ted Heath lived. As the newspapers of the time said, Ted had sailed into 10 Downing street.

Seeing all the crowds outside the Albany and being only a few yards away, I went down and stood among the crowds. As I stood there, finally they parted, a car came up, Ted Heath's hand jutted out of the window and I shook his hand. I covered my bets by going down to Transport house immediately to commiserate with Harold Wilson, who was there giving his kind thanks to our staff who, of course, were very respectful to him and gave him the kind of cheers that Ted Heath had received outside the Albany. Years later, at the Inter-Parliamentary Union, when I saw Ted Heath and said, "I had my picture taken with you on the day of your election," he looked at me and said, "It didn't do much good, did it?"

Later still, as an international lawyer, I represented Hermes, the tie company that makes the best of ties. I could recognise a Hermes tie a hundred yards away. I saw Ted Heath in the Smoking Room wearing a Hermes tie. I said to him, "Sir Edward"—we had more respect for him then—"You're wearing a Hermes tie. I am their lawyer." He looked at me and said, "I often wondered why they were so expensive."

As the Prime Minister and the Leader of the Opposition said, Sir Edward was a fundamental European, on the basis of his war years. He made his first speech in 1950 on the European Coal and Steel Community, he tried to get us into the European Union, as it is now known, in 1963, and he took us in in 1973. One of the questions put to him by President Pompidou at the time was whether, if the United Kingdom joined the European Union, it would accept the common agricultural policy. Ted Heath gave that commitment of our country from that day and it still runs today.

We have heard much of Ted Heath being a House of Commons man. He was a Back Bencher, a Whip, a Minister and Prime Minister. When he retired from the front line of politics, he stayed in the House for the rest of the 51 years. He saw us through two speakerships—your own, Mr. Speaker, and Lady Boothroyd's—and when the time was up, he used the famous phrase of your predecessor. Time was indeed up. He did not go to the Lords.

I end by quoting a little poetry:

"He nothing common did or mean
Upon that memorable scene".

That scene was the House of Commons, which he graced for 51 years.

3.58 pm

Derek Conway (Old Bexley and Sidcup) (Con): It is daunting to follow so many eloquent tributes to Sir Edward Heath, but not half as daunting as following him as the Member for Old Bexley and Sidcup. Those who knew Ted well would have expected him to be generous and helpful to his successor, and indeed he was. He gave me sound advice and a great deal of encouragement. I wondered whether, having served in the House for 51 years, in his later years he had become a little tired of it all and had slowed down. The average length of service for an MP is between eight and 10 years, so 51 years would give any reasonable person time to slow down a bit.

As I padded around the streets of Sidcup and Bexley village, I discovered that Ted was still an assiduous Member of Parliament. Although the House rightly pays tribute to his time as Prime Minister and his renown as an international statesman, the people of Old Bexley and Sidcup will remember a famous Member of Parliament, but one who took an enormous amount of time, patience and trouble over their concerns. They were often surprised when Ted dealt with their concerns personally rather than using a special adviser or assistant.

[Derek Conway]

Not only did Ted do the normal jobs such as holding surgeries and visiting schools, but he was a great champion on local issues—for example, selective education still survives in the London borough of Bexley. Ted was, as the Prime Minister and the Leader of the Opposition said, a tremendous champion for selective education, having benefited from grammar school himself, and he fought tooth and nail to establish Bexley grammar school, where he is still revered.

Tributes have been paid to Ted's involvement in the European issue. He was clearly an unashamed Europhile, so naturally he thought that the channel tunnel was wonderful. Sadly for the residents of Sidcup, the proposed rail link went smack through the middle of his constituency, which resulted in a conflict between his avowed Europhile beliefs and his constituents' interests. He stuck by his constituency and helped his constituents fight for a more sensible route that damaged fewer homes. I have discovered that people had an enormous wealth of respect and affection for their Member of Parliament.

I have known Ted since I was 18, when I was northern area Young Conservative chairman. Our leader was my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer), who was young and dashing—he had a sports car and a trendy beard. Ted encouraged the Conservative party youth movement, and he used to have the Young Conservative officers round for dinner at No. 10 or lunch at Chequers, which was impressive. He also used to encourage young musicians and he enjoyed his sport. He will be remembered with affection not only in this House, but outside it.

Michael Brown, who is now a distinguished columnist in *The Independent*, is one former Member who will remember Ted with affection. He served in this House from 1979 to 1997, and he used to sit behind Ted when Ted sat in the seat that is currently occupied by the hon. Member for Bolsover (Mr. Skinner). He used to contribute vociferously and frequently to debates, and his comments made Ted more and more irritable. On the day that Michael Brown was appointed a Government Whip, he was wandering down the Library Corridor, when Ted came out of the Smoking Room—as a former Chief Whip, Ted had an enormous affection for the Whips Office. Michael expected Ted to amble by and ignore him, which he usually did, but on this occasion Ted turned around and said, "I see that they have managed to shut you up at last." By tradition, Government Whips cannot speak in this Chamber.

The party leaders and others have rightly paid tribute to Ted Heath the statesman but, for the people of Old Bexley and Sidcup, he was not only an extraordinarily able man, but a conscientious MP and, more importantly, a very good man.

4.2 pm

Robert Key (Salisbury) (Con): My late constituent, Sir Edward Heath, was a very great Englishman. When, after just one year in this House, the Government Chief Whip asked me whether I would fulfil the unofficial role of Parliamentary Private Secretary to an ex-Prime Minister, which is traditional in our party, it led to several comments in the newspaper diaries. As has been said, it was an act of bravery, but I have never regretted taking up that challenge, because I learned that Sir Edward was not only a great Englishmen, but esteemed enormously throughout Europe and beyond as a man who was prepared to lay down his life for his beliefs. He fought against Nazism, he joined in the democratic battle, he challenged the establishment and he faced up to the realities of Britain and its economy in the 1970s. As my right hon. and learned Friend the Leader of the Opposition said, he was ahead of his time, but he achieved an enormous amount.

When Sir Edward asked me, his PPS, to find him a house, it seemed a little beyond the call of duty. Within a few weeks, however, I had found him a house in Salisbury close. When he came down to see that wonderful house, he looked around it without saying a word, and then we drove back to London. At about midnight, he phoned me and said, "I hope that they have not sold my house." He purchased the lease and then the freehold on "Arundells", and became a figure of great affection in Salisbury and south Wiltshire.

Anyone who doubts his capacity for being an ordinary human being should talk to anyone who ever worked for him in his private office—his constituency secretaries and his political staff, many of whom, including my hon. Friend the Member for West Worcestershire (Sir Michael Spicer), have gone on to do other things with great success and distinction. Sir Edward was held in very great affection by all those people. He inspired enormous loyalty. That is no surprise, given that he had been a distinguished musician used to holding an orchestra and a chorus together, as well as a distinguished soldier under fire.

During his distinguished political career, Sir Edward also managed to inspire loyalty among his dear constituents, as we heard from my hon. Friend the Member for Old Bexley and Sidcup (Derek Conway). Having travelled with Ted in the capitals of Europe in the 1980s and met, with him, some of the leaders of those countries, I know that he never for one moment forgot the importance of his constituents and why he was where he was. One evening in the château de Rambouillet, when we had been over to meet the President of France and were enjoying his hospitality, there was a sudden flurry and the French Justice Minister turned up. He had asked to see Ted because he was engaged in a prolonged correspondence with him about a constituent who had been arrested and thrown into prison in Paris for some reason. Ted had immediately taken the case up so, when he saw the President, he told him that he was most disturbed about it, and immediately the Justice Minister was dispatched to sort it out. Ted never forgot the importance of his constituents.

In Salisbury, where he lived for the past 20 years, he made a name for himself as the man who goes and talks to people. One will find 20 and more pubs in south Wiltshire where people will say, "That's where Ted sits", or, "That's where Ted used to come and have his malt." The enormous affection in which people in Salisbury hold him extends right across the political spectrum and the age spectrum. We should not forget the generosity with which he raised millions of pounds for Salisbury cathedral over the years to maintain that magnificent edifice, at the same time as restoring his own wonderful house.

Sir Edward Heath has made an enormous impression on a very large number of people in many walks of life. Many tributes have been paid to him today, and I merely add my own. He was a wonderful man who was proud of his country. He loved his Queen, our constitution and our way of life, for which he was prepared to lay down his life. Right to the end, he was shouting the odds for democracy in our country.

Yes, he had his difficulties with his successor as leader, and harsh words were expressed on all sides, but I pay tribute to my right hon. Friend Lady Thatcher for her warm tribute to him, about which he would no doubt be shrugging his shoulders.

I do not doubt that, when we think back on the life of Ted Heath, he will be seen not only as a very great Englishman, a great democrat and a great European, but a very warm human being. Let us not forget how proud he was of his house, the paintings, every bit of china and every photograph on the piano. Let us not forget how proud he was of his garden, as the greatest armchair gardener Salisbury has ever known, or that he was enormously proud to serve one with broad beans out of his precious garden, where he knew every plant, tree and shrub.

Ted Heath was a great Prime Minister and a great member of the Conservative party. He was always loyal to our party and never voted against it in all his years, even though he may have sometimes had his disagreements with our leadership. We are very grateful for the life of Sir Edward Heath and, in Salisbury, we will remember him for a very long time as a great moonraker who was formerly a man of Kent but adopted with love in the county of Wiltshire.

4.9 pm

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Ted Heath had a huge influence on my personal life of which I do not think that he was ever aware in his lifetime. I arrived on 18 January 1974, hardly speaking any English, during the three-day week, and I learned all my English and understanding of the British political system by asking awkward questions such as "Why do they call him, 'The Grocer'?", "What is a Tory?", and "How does the electoral system work?". It was because he brought this country into the European Union and signed the European Communities legislation that I was able to come here to live and work and enjoy the four freedoms. He left a huge legacy and is hugely respected on mainland Europe.

I make one brief observation. When our current Prime Minister was awarded the Charlemagne prize, I went over to Aix-la-Chapelle, and Edward Heath was there as one of the honoured guests who are there on every occasion and greatly revered. The people of Aachen, as I like to call it, were always extremely proud of the fact that they spotted him as one to watch when he was a young Back Bencher and not recognised in terms of promotion. As, in this case, the second British Prime Minister was receiving the Charlemagne prize, their only regret was that they did not spot his talent as early as they did the previous recipient's. The commitment to Europe is great, but I hope that, while the next generation might be different, it will be recognised that many in my generation, such as me, have benefited and become Europeans through their life experiences, and I pay tribute to Sir Edward Heath for that.

4.10 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I think that I owe more to Ted Heath than anyone else in the House because he did for me what he was unable to do for himself—he found me a wife. His quality as a friend—a friendship which began when he was my neighbour as a candidate in Greenwich and continued when I became Member of Parliament for Lewisham, West—was remarkable. It was hard for those who found him difficult because he did not know them, and who found him shy because he was, to know how warm he was, and how far he would go to help those who were young. His commitment to the young continued right to the end of his life. I happened to talk to someone this afternoon who remarked that as a 20-year-old he met Ted Heath at a function, they began to talk, and half an hour later they were still talking, and Ted was still fascinating and still wanted to learn from and hear as well as talk to a young person. He had that quality throughout his life. His friendship and the warmth of his character came through to those who knew him well.

For my generation, Ted represents something particular and special. He was never prepared to allow people to be bullied. He would not have the bullying that came from the natural hegemony of the Ulster Unionists. Nor would he have the bullying that came from those who thought that they could use the bomb and the bullet. He would not accept that we should have a society in which any section should be able to control the rest, as he felt that the trade unions, in their more militant guise, were seeking to do. He did not want there to be the kind of society in which people such as him could not progress to the top, and he never had a chip on his shoulder about it—he was enormously grateful that he lived in a society in which what he did was possible. That is a lesson, if I may say so, for many others—no chip on the shoulder but simply a recognition that this was that kind of society.

Ted was also clear that nobody should bully people because of the colour of their skin. The immediate and absolute action that he took about the speech by Enoch Powell was a pivotal moment, as was his acceptance, to which the Prime Minister rightly pointed, of those east African Asians who fled the tyranny of Idi Amin.

At all points in his life, Ted stood up for those who could not stand up for themselves. He saw that as a natural part of being a one-nation Conservative. Those of us who hold that view of society have an enormous amount to thank him for.

Of course history will think of Ted Heath, and so should we, as the man who understood that it was patriotic to see Britain at the centre of the European Union, as part and parcel of a movement that could ensure that the nations of Europe would find their future together—as nations, but together—rather than in the destruction of each other in the absence of a mechanism to solve the problems that inevitably existed between them. He was consistent in that view, and was saddened by people's failure to see that the real idealism was not what we in Britain could get out of the European Union, but what we could contribute to it. That is what he understood: that a Europe without Britain would lose so much. It was that way round. That is how he always saw our membership of the European Community, and subsequently of the European Union.

[Mr. John Gummer]

As for those who knew Ted personally, it will be for warmth, laughter and above all kindness that we will remember him. Of course he was a great House of Commons man. There were the side comments, and the remarkable ability to be tougher, sharper and more difficult than almost anyone I have ever known. All that will be remembered and retold again and again; but for those who knew him, the one word "kindness" will come through all the time. No one who knew him will forget that.

4.16 pm

Mr. Alan Williams (Swansea, West) (Lab): In the 1960s, when I came to the House not knowing Edward Heath at all well, I found a man who was easier to respect than to like. I found it difficult to identify the warm, humorous man described to me continually by my long-term pair Terence Higgins—although later, thankfully, I came to see those qualities.

We talk today of the enormous stature that Edward Heath achieved, but we look back and realise that, remarkably, he achieved that in one of the shortest premierships since the war. That brief period was marked by a surprise victory, and ended with a surprise defeat; but in between, he made a decision of monumental importance to this country, which showed the tremendous character of the man and the fact that he was willing to take any risk with his own career to do what he thought was right for the country.

A measure of the man was that having lost the two 1974 elections and having then been deprived of a leadership that he felt was his, he did not flee up the Corridor. He did not go to the House of Lords for a comfortable, quiet existence. He chose to spend a further quarter of a century as a Back Bencher in the House of Commons. That is how much he loved this House. I think he took almost as much pride in becoming Father of the House towards the end of his career as he took in securing the leadership of his party.

In his final speech, Ted Heath urged us to protect the rights and also the standing of the House of Commons. He was to the end a House of Commons man, and I am sure that that is how he would have been happy to be remembered. I think we want to remember him for more than that, however. I think we want to remember a man of unshakeable integrity, which is the quality that the House admires most.

4.18 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): The Father of the House, the right hon. Member for Swansea, West (Mr. Williams), spoke of the period during which Ted Heath was Prime Minister. I came to the House during that period, and I am the only current Member of Parliament to have done so. The two events were not unconnected. Ted Heath's Government was growing in unpopularity when I won a by-election, although that was not because of Europe. Indeed, I do not suppose that I would have won the by-election if that had been the reason, for we had supported him unflinchingly against fervent opposition from much of the Labour party during that time. Shortly afterwards came the February 1974 election. But like most of us who were not members of his party, I got to know him much better later in my parliamentary life than in those early stages when he was the more distant figure of Prime Minister.

I echo the comments of other Members about Ted's kindness and courtesy. It was not that Ted always spoke to one; in fact, he was a man without much small talk, by which I mean that he did not say anything if he did not have anything to say—a principle that many of us should perhaps adopt in more circumstances. However, when he did have something to say, he said it with enormous wit and often with kindness. I experienced that kindness on a number of occasions when he was encouraging and helpful to me. I am sure that that was the experience of some Members in other parties who had the privilege of spending time in the House with him.

Ted Heath was a Prime Minister with whom I had one fundamental agreement and a number of less significant but politically important disagreements. The agreement was Europe, the disagreements were on a wide range of issues that made him a Conservative and me a Liberal Democrat, but I still remember with relish one experience before I came into the House: the occasion when he was seen leaving London sporting a red rosette in the middle of a general election while leading the Conservative party. A number of journalists pressed him on why that was so until he eventually said—some Members, including the hon. Member for Old Bexley and Sidcup (Derek Conway), will remember—"It is because I am going to the north-east." It was not because of any hope of improving the still unimproved Conservative fortunes in the north-east. It was because, in those days, the Conservatives fought the north-east in red, the Liberals in blue and Labour in green.

4.20 pm

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): Reference has been made to the contribution that Sir Edward made in Northern Ireland. During his time as Prime Minister, we had some of the most difficult years of what have become known as the troubles, particularly the early 1970s. We had the largest loss of life in 1972, while he was Prime Minister. While we on this Bench would have had our differences with Sir Edward, most notably over the Sunningdale agreement and entry into the European Economic Community, we recognise his contribution.

It has already been referred to that Sir Edward was a Prime Minister who did not believe that terrorism should succeed and, in Northern Ireland, he provided the Army to counter the activity in the early 1970s of the newly formed Provisional IRA. He was a statesman and that was obvious from his approach not only in Northern Ireland but on other issues. In dealing with the situation in Northern Ireland, he brought his experience of the second world war and his knowledge of the Army to bear in very difficult and trying times for the people not only of Northern Ireland but of the United Kingdom. We salute his courage in terms of the decisions that he had to make at that time in countering terrorism and in dealing with the threat that existed there and which sadly continues even to this day.

I would like on a personal level to pay tribute to Sir Edward as a Member of Parliament. He was the Father of the House when I was first elected to the House of

Commons and one could see that he was greatly devoted to this House. As other right hon. and hon. Members have mentioned, he remained here to make his contribution long after he lost his position as Prime Minister. As a new MP, I held him as someone for whom there was great respect and admiration for the contribution that he made to the House. We will all mourn his passing as a great parliamentarian and statesman who undoubtedly left his mark on the United Kingdom.

4.23 pm

Mr. Ian Taylor (Esher and Walton) (Con): Like my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer), I met Ted Heath early on in my political career. I was national chairman of the Federation of Conservative Students in 1968 when the students were rioting, and Sir Edward Boyle encouraged me to go to see the then Leader of the Opposition at Albany. I did so increasingly; I went once a month. One of the people who opened the door to his flat, who subsequently became Foreign Secretary, was Douglas Hurd, now Lord Hurd. He was very encouraging to me.

Ted Heath came to the national conference of the Federation of Conservative Students on a day that was not necessarily his best. He was in one of his more taciturn moods. Those colleagues who remember Ted in one of those moods know that it was quite hard work sometimes to keep the conversation going. Some 20 people were introduced to Ted, and he grumbled and grunted and I tried to animate the conversation. As he left—everyone had disappeared—he broke into a broad smile, shifted his shoulders in his typical way and said, "Hmm, not bad. I agreed with some of the views that you gave to these people. I must make use of you more often."

That was one of the more difficult periods, but I should point out that although Ted was unfailingly encouraging, he was also a hard taskmaster. I was lucky enough to sit on the policy committee between 1970 and 1974, which was chaired by Chris, now Lord, Patten. Ted showed great concern about the way in which policy had to shift in reaction to some very difficult events, such as the problems with the unions and with Rolls-Royce. He did not take those decisions easily. Those of us who argued their case within that committee—I, for my part, was a very lowly person—were nevertheless part of those discussions, which provided a real insight into, and showed concern for, the state of the nation. Moreover, as others have said, Ted had a deep understanding of the problems of unemployment. To some extent, unemployment is no longer a focus of political debate, but in the period 1970 to 1974, Ted, remembering the 1930s, took very seriously and was pained by the problems that he had to face.

I entered the House in 1987, and Ted always encouraged me. I have possibly been known as a pro-European, and I remember making what for me was a passionately pro-European speech, much to the irritation of one or two of my colleagues. As I passed Ted sitting in the Chamber, he nodded to me, so I sat down in the seat next to him. He said, "Hmm. Not really pro-European enough." But when I later became chairman of the European Movement, he was unfailingly supportive and was ready to make speeches and to go anywhere. He wanted to ensure that there were those of us who carried the torch for his insight—an insight into the importance of Britain's playing its part, with other European nations, in providing a structure to resolve crises that, in his earlier years, could be resolved only by terrible conflict.

Ted was a great man and he did have that hinterland. In a sense, it was an irony that he was taken more seriously ill after attending the Salzburg music festival. It was his interest in music that drove him forward. Those of us lucky enough to have visited his homes in London and Salisbury remember how central music was to his whole persona, to his wit and to his amazing stories about the people whom he had met, particularly in China, which became a very important part of his life.

The Prime Minister mentioned something that illustrates Ted's political courage. Ted was an early member of the "One Nation" group, of which my late father-in-law, Lord Alport, was also a founder. What is sometimes forgotten is that Enoch Powell was a member of that group in the 1950s; indeed, he was its secretary. Many years later, in the 1960s, when Ted dismissed Enoch Powell from the Tory party, it was an old friend whom he was dismissing, which made that decision even more remarkably courageous.

Ted was a man of principle. He had views, based on decency and one-nation politics, that many of us in the Tory party still hold. He was a great statesman, a great Member of this House and a great individual. I shall miss him a lot.

4.28 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I just want to offer a very brief postscript to the excellent tributes from the Prime Minister, my right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy) and the leader of the Tory party. I want to pay testimony to the work that Sir Edward did for constituents during my time in this House, and not just in the normal way. He also worked to ensure that on issues affecting south-east London, colleagues from across the parties did what they were meant to do, and that they did it together in order to be more effective. He ensured that we worked together courteously, effectively and efficiently, and in doing so he sometimes provided great hospitality. I remember, for example, being given a very luxurious breakfast at his flat as we discussed a complex constituency case.

In 1974—the year the hon. Member for Birmingham, Edgbaston (Ms Stuart) came to Britain—I, along with some 11 other Britons, went, through a bursary, to the College of Europe, in Bruges. We arrived there as British students to find that Britain was hugely enhanced by what Edward Heath had done as Prime Minister. The status of Britain had been changed in the eyes of our European peers. That generation of students saw Britain differently.

When we were doing post-graduate European studies and Edward Heath was defeated for the leadership, it came as a shock to our colleagues. They were shocked that a European statesman could have been moved out of his position as leader of the Tory party. I want to pay tribute, above all, to the enhanced reputation that he gave Britain in Europe in the 1970s. He was truly a European statesman then; he has remained a European statesman; and I am sure that he will always be remembered as a European statesman.

4.30 pm

Hywel Williams (Caernarfon) (PC): I would like to associate my party, Plaid Cymru, and the Scottish National party with the many tributes paid to Sir Edward Heath in this place and earlier today. It is a daunting task, given that he entered this place before I was born—and by some stretch. In fact, his career would be remarkable if only for its longevity: he spent 51 years in this place as a Member and Prime Minister. That is almost unique and is exceeded by few: I can think of my predecessor Member but two for Caernarfon, David Lloyd George—and it is right to mention those two in the same breath.

Sir Edward Heath's career was remarkable, of course, for many things other than its length. His hinterland beyond politics was his great interest in sailing and music, but his career will stand in history because of his achievement in taking the United Kingdom into the European Economic Community and his other achievements arising from his personal commitment, his determination and his political skill. We on this Bench salute him.

4.31 pm

Peter Luff (Mid-Worcestershire) (Con): I certainly wish to associate myself with all the generous tributes given by right hon. and hon. Members today. Speaking as someone who had the great privilege of working for Sir Edward for three years as head of his private office, I would point out that there is one aspect that has not been mentioned today or in the tributes in the national media.

There is much I could say about his courage, which I saw, at first hand, between 1980 and 1982 when I worked for him. For example, there was his courage in warning South Africa of the dangers of apartheid and also his courageous role in conveying to the British Government the basis on which the Chinese were prepared to settle the future of Hong Kong. I was there. After his comments on apartheid, we were bundled out of South Africa and I was there in the Great Hall of the People with Deng Xiaoping, when he revealed his plans to Sir Edward. Margaret Thatcher chose not to believe that the Chinese could use Sir Edward as a vehicle for communication and negotiations were stalled for some years as a result.

I was also with him at the time of the publication of "North-South: A Programme for Survival", better known as the Brandt report. I accompanied Sir Edward—or "EH" as his staff were privileged to call him—on many of his UK tours to raise awareness of the importance of tackling world poverty. In his later years, that became a cause that was every bit as important to him as membership of the European Union. His dedication to it, long before it was as fashionable as it is today, is something that should be remembered and honoured. Making poverty history was his objective long before the phrase was coined. This loyal member of his staff will miss him greatly.

4.33 pm

Richard Ottaway (Croydon, South) (Con): As a yachtsman, I am embarrassed to say that my membership of the Tory party owes as much to Sir Edward's yachting ability as anything else. The fact that a Leader of the Opposition could take a yacht half the way around the world and win the Sydney-Hobart race—one of the great ocean classics—won my admiration and that of a generation. Sponsored by Sir Max Aitken, it remains one of the great sporting feats to this day and it irritated the hell out of Harold Wilson! It did not end there. As Prime Minister and on Morning Cloud, he won the greatest trophy of them all, the Admiral's cup, captaining the English team into the bargain. He continued with yachting success for many years, which showed his talents to the full. He did it because it refreshed his mind. He once said, "You cannot raise a yacht and worry about something else at the same time".

Ted knew that he was good. On one occasion in Cowes, my wife sat next to him at dinner—it was her turn—and asked him how he managed to be an accomplished musician, Prime Minister and a winning yachtsman all at the same time. He paused briefly and said: "Pure brilliance". The flags in Cowes will be at half mast today.

Mr. Speaker: Before I put the Question, I would like to pay my own tribute to Sir Edward. As Father of the House, he was always very kind and supportive to me and to Mary, my wife. In recent years, he was a very welcome visitor to Speaker's House and I greatly appreciated his advice. I well remember his masterful and informative speeches on Europe, when I was a Back Bencher. I was always aware that I was in the presence of a man who had volunteered to serve his country when it faced the dangers of fascism. He will be missed by this House.

Question put and agreed to.

Adjourned accordingly at twenty-five minutes to Five o'clock.

House of Commons

Tuesday 19 July 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

CROSSRAIL BILL

Ordered,

That S.O. 209(1) of the Standing Orders relating to Private Business (time for delivery notices, etc.) shall have effect in relation to the deposit of Petitions in connection with the Crossrail Bill on or before 16th September 2005 as if on a day on which the House does not sit deposit were required to be made between 11.00 a.m. and 3.00 p.m.—*[The Chairman of Ways and Means.]*

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

The Secretary of State was asked—

Algeria

1. **Ian Lucas** (Wrexham) (Lab): what recent assessment he has made of levels of political violence in Algeria. [12878]

The Minister for Europe (Mr. Douglas Alexander): Political violence in Algeria has decreased significantly since the 1990s, and few incidents have been reported in major cities, including Algiers, within the past two to three years. However, incidents continue to occur in mainly rural areas. The United Kingdom Government are continuing to monitor the situation. We advise British citizens to consult our travel advice before going overseas, regardless of the country that they are planning to visit.

Ian Lucas: In the past three years, a company in my constituency, Conren Ltd, has taken extensive steps to trade in Algeria, where it has successfully promoted the sale of its flooring products. In its opinion, violence has decreased in recent years. Does the Minister think that Algeria is now a safe place for British industry to do business?

Mr. Alexander: I am delighted to hear about that successful business in my hon. Friend's constituency. A number of British businesses are now trading successfully in Algeria. The larger businesses include BP, GlaxoSmithKline and Unilever, and UK Trade and Investment reports that other British businesses are increasingly taking an interest. I encourage the business in question to take forward its initiatives in Algeria. My hon. Friend the Minister for the Middle East, who is not present today, recently visited Algiers, and perhaps it would be helpful if he were to contact my hon. Friend the Member for Wrexham to confirm the importance of such commercial links, which we are determined to strengthen.

EU Enlargement (Balkans)

2. **Mike Gapes** (Ilford, South) (Lab/Co-op): if he will make a statement on prospects for EU enlargement in the Balkans. [12879]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): The Thessaloniki summit in 2003 offered western Balkan countries the prospect of eventual membership of the EU, if they fulfilled certain political and economic conditions, including co-operation with the International Criminal Tribunal in The Hague. The June 2005 European Council reaffirmed that position. The future of the western Balkans lies in the European Union, which is the best guarantee of a peaceful and democratic future for the region, by contrast with its history of ethnic bloodshed and conflict.

Mike Gapes: Will my right hon. Friend confirm to the Croatian Government that no progress will be made on Croatia's application to join the European Union until Croatia makes progress on indicted war criminals in former Yugoslavia?

Mr. Straw: I congratulate my hon. Friend on his election by the Foreign Affairs Committee as its Chair for this Parliament. I look forward to an interrogation by the Foreign Affairs Committee that is equally intense as those that I have experienced in the past.

We all want to see negotiations with Croatia that lead to full membership of the European Union, beginning as soon as possible. As the European Council has clearly stated, however, that process must take place on the basis of full co-operation with the International Criminal Tribunal in The Hague. So far, sadly, such co-operation has not been adequate.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I have been impressed by the Serbian Government's attempts to comply with the requirements to enter the European Union, but I am disappointed that there is no timetable for entry. Will the Secretary of State indicate when Serbia might be allowed to join the European Union?

Mr. Straw: The same point applies to Serbia and Montenegro, and to all the territories that were formerly part of the Republic of Yugoslavia. We see their future inside the European Union, but that must be on the basis of full co-operation with the tribunal in The Hague and on other matters. Serbia and Montenegro is at an earlier stage than Croatia. It is looking forward to agreeing a stabilisation and assistance arrangement with the EU, but that, too, depends on full co-operation and, in particular, on the delivery of Mladic and Karadzic.

Andrew Mackinlay (Thurrock) (Lab): Does the situation not also depend on the final status of Kosovo? Will the Foreign Secretary take this opportunity to explain Her Majesty's Government's view on the final status of Kosovo, which must be addressed before we can discuss the entry of Serbia and Montenegro into the EU?

Mr. Straw: Special Representative Kai Eide is conducting his inquiry and will produce a report later this year; I think that it is due in September. On the basis of that review of whether Kosovo has sufficiently met the standards required of it by the international community, we will all be able to make judgments about Kosovo's final status.

Mr. Nigel Evans (Ribble Valley) (Con): Irrespective of the other obstacles that face countries such as Croatia and Serbia and Montenegro, I was in Montenegro on the day the French referendum result came through, and there was a feeling that it would be an enormous setback for all the Balkan countries in acceding to the European Union. Will the Foreign Secretary confirm that he will work with his European Union counterparts to ensure that that, at least, will not be an obstacle to their accession?

Mr. Straw: I never thought that I would hear such sentiments expressed in this House. I know the hon. Gentleman very well; he has the next-door constituency to mine and fills up the local newspaper, as well as the House, with endless attacks on the European Union and all its works, particularly the constitutional treaty. Now we hear that he is in favour not only of the European Union but of the constitutional treaty. There is always time for sinners to repent, and in his case he has a lot more time.

It is interesting that there is particularly intense support for the European Union—and, I may say, for the constitutional treaty—in the countries that are desperate to come into it, because they have seen what an engine it has been for peace, stability, prosperity and democracy across the whole of eastern and southern Europe.

On the hon. Gentleman's specific point, we cannot allow the failure so far of the constitutional treaty to be a block on enlargement, nor is it a precondition for enlargement.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend's words, particularly in respect of Serbia, are very important. It is absolutely clear that Serbia's long-term destination is within the European Union. Will he make it clear to the population of Serbia that the people who betray the Serbs and, indeed, the Montenegrins, are not western European politicians, who do not have it in for that country, but those in Serbia who will protect Karadzic and Mladic and want to keep Serbia isolated for their own narrow and corrupt purposes?

Mr. Straw: I will indeed. When I was in Srebrenica last Monday for the most moving of ceremonies to commemorate the slaughter of 8,000 Bosnian Muslims within sight of where we were, at the battery factory, one of the most courageous and impressive acts was the visit by the President of Serbia and Montenegro almost as an act of atonement on behalf of his people. Sentiment is changing in Serbia and Montenegro, and we should give all those who are standing up for democracy and human rights in that country every support.

Mr. John Randall (Uxbridge) (Con): What progress is being made during Britain's presidency of the EU with regard to getting the name of the Republic of Macedonia recognised, as opposed to the current anomaly of calling it the former Yugoslav Republic of Macedonia?

Mr. Straw: In our bilateral relations, the name that we recognise is the Republic of Macedonia. The difficulty in international forums is that because of a longstanding historical dispute between Macedonia and Greece the name that is recognised is that of the former Yugoslav Republic of Macedonia. Discussions are taking place between Macedonia and Greece, and once those are resolved, the name issue will be resolved. This is a further indication of the tortured past that haunts the present in the Balkans.

Mr. Denis MacShane (Rotherham) (Lab) *rose—*

Hon. Members: Hear, hear!

Mr. MacShane: My right hon. Friend's friendly support and encouragement for the Balkan states' road to Europe, plus his firmness on their meeting the conditions, is well known, respected and admired there and in the rest of the European Union. In that regard, will he write to the French Government in respect of a report in yesterday's edition of *The Guardian* stating that in 2001 the French authorities gave a French—that is, a European Union—passport to the indicted war criminal, Ante Gotovina, who is, after Mladic and Karadzic, the most notorious war criminal in the region? When he gets a reply from the French Government, will he, as well as writing to me, be so kind as to put a copy in the Library?

Mr. Straw: May I pay tribute to my right hon. Friend for all the work that he has done and will continue to do in helping to encourage Balkan countries into the European Union, as well as much else? I did not see the piece in *The Guardian* yesterday. I apologise to the editor for not reading his newspaper from cover to cover yesterday—*[Interruption.]* I am reminded that I was in Brussels.

It is my understanding that the indicted war criminal General Gotovina served in the French Foreign Legion and is a French citizen as well as a citizen of Croatia. However, I shall take up the matter with my counterpart in France and ensure that my right hon. Friend and the House are fully informed. The French Government have fully supported the efforts that are being made more widely in the European Union to ensure that consistent standards apply to all applicant countries from the western Balkans.

Turkish Visit

3. **Bob Russell** (Colchester) (LD): If he will ask the hon. Member for Colchester to accompany him when he next makes an official visit to Kurdish communities in Turkey. [12880]

The Minister for Europe (Mr. Douglas Alexander): Neither my right hon. Friend the Foreign Secretary nor I have specific plans to visit the Kurdish communities in Turkey in the near future.

Bob Russell: I look forward to such an invitation. I hope that it will be forthcoming, because the Foreign Secretary well knows that, in the previous Parliament, the issue was dear to my heart and the former Minister for Europe suggested that, if I visited the area, I would perhaps be better informed. In the spirit of the right hon. Member for Rotherham (Mr. MacShane), will his successor maintain the invitation, which was given by default?

Mr. Alexander: Of course I shall consider any invitation that is extended to me. However, I respectfully point out that information is not always the same as wisdom.

Helen Goodman (Bishop Auckland) (Lab): I am sure that the Minister knows that the person killed in the Turkish bombing came from my constituency. I am most grateful to the Foreign Office for all its support for Helen Bennett's family in the past few days. I want to express the sincerest sympathy and sadness that we all feel at a such tragic loss of life. It is especially devastating for one family to suffer a death and five injuries. I appreciate that we do not know who perpetrated the atrocity, but will the Minister undertake to keep hon. Members and the family informed when progress is made?

Mr. Alexander: On behalf of the Government [illegible] I am sure, the House, I extend my sympathy to the affected family in my hon. Friend's constituency. I pay tribute to the sterling efforts of our ambassador, Peter Westmacott, and his staff for their response to the terrible incident. As my right hon. Friend the Foreign Secretary said on Saturday, the explosion was a repugnant attack which targeted innocent tourists. We stand shoulder to shoulder with the people of Turkey in sympathy and in refusing to allow terrorists to destroy our values and liberty. On that basis, I am happy to give an undertaking that we will keep the House informed of the progress of what we hope will be an expeditious investigation.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Will the Minister and his colleagues use the EU presidency to press Turkey to recognise the Government of Cyprus before opening accession negotiations with Turkey? In the light of the approaching anniversary of the invasion of Cyprus, will the Minister outline the Government's plans to drive forward new talks and negotiations between the two sides, with a view to establishing a lasting, functional and peaceful solution to reunite Cyprus?

Mr. Speaker: Order. The hon. Lady is a new Member, but she must confine her supplementary question to the subject of the question before us. I cannot invite the Minister to answer her supplementary question. However, she should not worry—senior Members do the same thing.

Keith Vaz (Leicester, East) (Lab): When my right hon. Friend visits Turkey with the hon. Member for Colchester (Bob Russell)—a visit that I fully support, as I am sure, do the constituents of Colchester—he will obviously discuss enlargement of the Union with the Kurdish communities, as well as with the hon. Member for Colchester. He doubtless noted the article in yesterday's newspapers and the comments of Karl-Heinz Grasser, the Austrian Finance Minister, who asked for the negotiations to be shelved. Will my right hon. Friend confirm the Government's commitment to enlargement as regards Turkey? As part of those discussions, will he ensure that the wishes of the Kurdish communities—and, of course, those of the hon. Member for Colchester—are taken into account?

Mr. Alexander: I am grateful to my hon. Friend for his question. Even during the past couple of days, which I have spent in Brussels, I have been pressing our case, notwithstanding the fact that agreement could not be reached on the future financial perspective at the European Council last month, and I am glad to announce that the Council reiterated the position of the previous Council in December, in regard to the intention to open accession talks with Turkey on 3 October, during the British presidency. Of course, significant progress has still to be made by the Turks in relation to the Copenhagen protocols, but many would agree that the Kurds and other minority groups in Turkey have a great deal to gain from the process of reform and democratisation that has being taken forward apace by the Turkish authorities to date. Of course this will be a long process—we are talking about at least a decade—but now would be precisely the wrong time to send a signal that there are arbitrary barriers facing any individual country. There are, of course, objective criteria, but we want to ensure that we do not close the door to further enlargement of the European Union.

Richard Younger-Ross (Teignbridge) (LD): May I encourage the Minister to take my hon. Friend the Member for Colchester (Bob Russell) to the Kurdish areas of Turkey—*[Laughter.]* The right hon. Gentleman has said that he has no intention of going there in the near future, but may I urge him and others on the Treasury Bench to do so when they have an opportunity, as I am sure that they will in relation to Turkey's application to join the European Union? I urge them in particular to consider the human rights of the Kurds, because there is concern that human rights abuses are continuing. While he is there, the Minister might also have an opportunity to consider the situation of the Kurdish communities in Syria and Iran, where there are also large numbers of human rights abuses.

Mr. Alexander: I am grateful to the hon. Gentleman for his observations. I note that he did not request that I bring his colleague back when I return from that visit. The House will draw its own conclusions from his helpful comment. On the serious substance of the hon.

Gentleman's question, it is fair to recognise the scale of work that has already been done in Turkey. It has made enormous progress over the past two years, through the adoption of a series of constitutional and legislative reforms such as the abolition of the death penalty, new protections against torture, greater freedoms of expression, greater cultural rights for Kurds and others, and a reduction in the military's role in the Government. As I sought to reflect in my earlier response, we recognise that there is significant progress yet to be made, but the House should none the less be heartened by the pace and scale of the progress already achieved.

Jeremy Corbyn (Islington, North) (Lab): When the Minister does visit Turkey, I would urge him to visit the Kurdish areas in the south and east of the country and to have discussions with the Kurdish people there. While progress has been made on the recognition of linguistic rights, for example, I fear that many of those rights are simply not working on the ground, and meetings and discussions with those groups would be of great benefit to him. Will he also consider the use of the military by the Turkish Government in south-east Turkey, where it has been used to oppress many Kurdish groups? Will he also remind the Turkish Government that the banning of organisations is not necessarily the best way of ensuring that they have free political representation? It is much better to promote an inclusive society in which all communities feel able to be, and are, represented at national level.

Mr. Alexander: On my hon. Friend's point about visits to the south and south-east of Turkey, I can assure him that Peter Westmacott, the British ambassador, and a number of his colleagues representing Britain in Turkey, visit that part of the country on a regular basis. We receive full reports on their view of the situation on the ground. I would note, however, the progress that has been made, not just in terms of the legislative changes that I have mentioned. Broadcasting in non-Turkish languages, including Kurdish, started on national television and radio in June 2004, and I understand that Kurdish music cassettes, CDs and newspapers are now far more freely available, and that Kurdish plays and concerts are taking place.

I would not diminish the points made by my hon. Friend the Member for Islington, North (Jeremy Corbyn), however. Of course we want to ensure that those rights are being given practical expression on the ground, and I can assure him that the issue of human rights in Turkey will be at the forefront of many European Union member states' minds over the coming years. I am sure that that will provide an opportunity to scrutinise exactly what is happening in the Kurdish areas and in other parts of Turkey.

Darfur

4. **Anne Milton** (Guildford) (Con): If he will make a statement on the political situation in Darfur. [12881]

The Minister for Trade (Ian Pearson): There can be no military solution to the situation in Darfur. Only a political agreement can deliver long-term peace and security. We welcome the signature by the parties to the conflict of a declaration of principles as a basis for a lasting settlement, and congratulate the African Union on that achievement. We urge all parties to negotiate in good faith at the next round of talks in Abuja, due to resume on 24 August.

Anne Milton: With 180,000 dead in Darfur, 2 million people displaced and reliant only on humanitarian aid in camps, killing and rapes continuing in those camps, and warnings that hundreds of thousands more might die of starvation and disease, will the Minister assure us that real action will follow his words? The Government talk of passing strong messages to the Sudanese Government, but to many those words have a hollow ring. The public, and many agencies such as Amnesty, need some reassurance.

Ian Pearson: The hon. Lady is right to point to the situation in Darfur. It is much calmer than it was a few months ago, but there are serious humanitarian issues, with approximately 3 million people in need of assistance. I would like her to recognise, however, the work of the Department for International Development in terms of providing humanitarian assistance, and the work of other member states in Europe and internationally. The work of the African Union in brokering discussions between the parties, which we hope will lead to a successful and peaceful Darfur in the future, should also be recognised. Those are real actions undertaken by the African Union, and they deserve the support of the House.

Mr. David Drew (Stroud) (Lab/Co-op): My hon. Friend will know that the peace talks at Abuja are within the framework of the comprehensive peace agreement, and we wish all the parties well. Does he agree, however, that there is a real need for capacity to be given, particularly on the side of the rebels, the Sudan Liberation Army and the Justice and Equality Movement, as the British Government did an awful lot of good work latterly at Naivasha in relation to the north-south peace talks? Will he assure me that that is already going on, and will continue in the future?

Ian Pearson: My hon. Friend is right to point to the capacity issue. As far as the comprehensive peace agreement is concerned, we very much welcome the signature on 9 July this year of the Government of national unity, and the formation of the new presidency. There is a lot of work to be done in terms of the commissions that are to be established. We have already assisted in providing capacity to enable that to take place, and we will continue to do so in Khartoum in relation to the CPA, and where appropriate in Darfur.

John Bercow (Buckingham) (Con): Given that the Sudanese Government in Khartoum orchestrated, funded, practised and then defended the genocide of ethnic Darfurians, what assessment has the Minister made of the prospects for the safety of people fleeing Darfur if they are forced to settle in Khartoum?

Ian Pearson: The hon. Gentleman will be aware that the situation in Darfur is more stable than it has been previously. There are still some 3 million displaced people, however. The situation is fragile, and far too many incidents of attacks on civilians and deaths due to

those attacks still take place. It is important that we strengthen the AU mission, as there is clear evidence that where it has been deployed, it has been effective in calming the situation. It will increase from 2,900 to 7,700 in the coming months. We will keep that figure under review, but we believe that it will make a real difference, as does the AU.

CAP Reform

5. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What discussions he had on EU common agricultural policy reform during the G8 summit. [12882]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): I chaired the summit in place of my right hon. Friend the Prime Minister while he returned to London following the terrorist atrocities of 7 July. At the summit, the CAP as such was not discussed. However, my right hon. Friend the Prime Minister called for reform in all G8 countries, and pressed colleagues to agree on a date by which to end export subsidies.

Mr. Bailey: Does the Foreign Secretary not agree that the benefits of the deals made at the G8 conference on aid to Africa and development would be lost if the EU CAP export subsidies continued to undermine the economies of those self-same African countries? Will he pledge—notwithstanding the demonstrations that have taken place in Brussels over the last couple of days—to press for an end to the CAP regime and export subsidies to developing countries?

Mr. Straw: My hon. Friend is right about the damaging effects of those export subsidies, which, in the case of wheat, powdered milk and sugar respectively, are estimated to lead to prices approximately 34 per cent., 50 per cent. and 24 per cent. below EU costs of production. They have a destabilising effect on natural producers outside the European Union. We are pledged to seek 2010 as the end date for the subsidies. Whether we succeed will depend on whether we secure the full support of our EU colleagues, and then on whether success is achieved at the World Trade Organisation round in Hong Kong in December.

Mr. Stephen Dorrell (Charnwood) (Con): Does the Foreign Secretary agree that it is simply self-indulgent of European Union leaders to go to the G8 summit and sign up to the aspiration to make poverty history, while at the same time defending the present structure of the common agricultural policy? Will the Government focus their advocacy of CAP reform on structural reform of the policy to open European markets to agricultural products from elsewhere in the world? Do the Government accept that the implication of that is reduced EU expenditure, which should lead to a reduction in the overall level of the EU budget?

Mr. Straw: I agree with the right hon. Gentleman's last point. Fundamental reform of the CAP must constitute a straightforward reduction in total financial support for it. However, I do not consider EU member states with a different view to be capricious. Their view is connected with their politics, and the strength of their agricultural lobbies and their electorates. What we must do inside the EU is secure an agreement that is ultimately acceptable to all.

To those who think that the answer is to renationalise agricultural support, I say that that is not the answer, because it could lead to a degree of national competition that would in turn result in increased subsidies for European farming.

Kelvin Hopkins (Luton, North) (Lab): I am sure my right hon. Friend agrees that "reform" can mean as much or as little as we want it to mean, whereas "abolition" is very clear. Will he include abolition as at least one option for debate during the EU presidency, and examine its full implications?

Mr. Straw: I have thought about that, because I am an open-minded sort of guy. I have thought about it a lot, because at first blush the criticisms of the CAP are so intense that it would seem to follow naturally that its abolition was the answer. I am afraid, however, that we cannot escape the fact that if we abolish the CAP—including any common policy preventing national state aid from going to the agriculture industry—we could end up worse off, with a bidding up of agricultural subsidies in each of the existing EU member states. We need the continuation of a common regime which will bring down the totality of agriculture spending, while shifting the balance of that spending away from direct support for production to rural development—which is what we have tried to do in this country.

Mr. Graham Brady (Altrincham and Sale, West) (Con): When the Minister for Europe gave me the Government's priorities for the UK presidency on 6 June, CAP reform was not even mentioned. Two weeks later the Prime Minister was describing the CAP as irrational, and on 23 June he told the European Parliament that a new budget could not be agreed unless it set out

"a process that leads to a more rational Budget."

We strongly welcome the Government's new commitment to negotiating a radical reform of the treaties, but does the Foreign Secretary agree that the time has come for the Government to spell out the detail of the reform that they are seeking? To that end, will he now agree to our request for a Green Paper setting out the Government's proposals?

Mr. Straw: I do not think that the hon. Gentleman was paying attention to what my right hon. Friend the Minister for Europe said—*[Interruption.]* That is very clear, because reform of the common agricultural policy is in the White Paper and is also embraced by the policy priority of future financing. One cannot reform the future financing of the European Union without reforming the CAP, which is 40 per cent. of the total spent. As to how that reform is to be achieved, we do not need a Green Paper or a White Paper to spell out the key elements—a reduction in the total amount of spend and a shift in the balance of that spend. What we need is to secure the agreement of our EU colleagues, which is what we are now seeking to do.

Mr. Brady: The Foreign Secretary has obviously not read the written answer of 6 June, which did not mention CAP reform at all. He is also being a little vague in his answer. Perhaps it is his inability to give a straight answer on CAP reform that led the French Foreign Minister to tell the *International Herald Tribune* today that the idea of reforming the EU budget before 2014 is "not serious". Will the Foreign Secretary now prove how serious he is about CAP reform by publishing detailed proposals to reform it? Specifically, if it is irrational for 40 per cent. of the EU budget to be spent on agricultural subsidy, what percentage would be acceptable? Given that Ministers now say that they do not expect any change overnight, will he also set out the timetable? There is a rare agreement across the House that we have a real opportunity to reform the EU for the better. If the Foreign Secretary refuses to answer those simple questions, the British people will be forced to conclude that the Government are wasting that golden opportunity.

Mr. Straw: I think it would be a good idea for Front-Bench Opposition spokesmen to listen to the answers before they deliver the supplementaries that they write outside the House. I say again that we have been very clear about what we are seeking and about the timetable. We are seeking a mid-term review of the forthcoming financial perspective between 2007 and 2013. What we propose can be seen in the conclusions to the last European Council in June—that it should be set some time during 2008–09. So far as the—

Mr. Brady: What percentage?

Mr. Straw: The hon. Gentleman is muttering at me.

Mr. Speaker: Order. That is something that the hon. Member for Altrincham and Sale, West (Mr. Brady) should not do. I gave him some licence when he spoke for too long in his second supplementary and I am not going to allow him to interrupt the Secretary of State again.

Mr. Straw: So far as the detail is concerned, what we have to do now is not publish a Green Paper—our trajectory is now very clear—but gain the agreement of our EU colleagues.

Mr. Speaker: Sir Menzies Campbell? Chris Bryant, then.

Chris Bryant (Rhondda) (Lab): A sad replacement, Mr. Speaker. *[Laughter.]* I have clearly united the House.

As one who was born three days before the common agricultural policy came into existence, may I say to the Foreign Secretary that one does not have to be an old Eurosceptic like my hon. Friend the Member for Luton, North (Kelvin Hopkins) to believe that the CAP is in urgent need of reform? I hear what the Foreign Secretary said about being opposed to the repatriation of the CAP, as it might lead to an increase in agricultural subsidy, which would be unfortunate. However, if a co-financing system were on the table, which meant that more money would be paid by the French Government for French subsidies and that subsidies across the whole of Europe were reduced in quantity, would the Government be able to support it?

Mr. Straw: We learn something every day and I believe that my hon. Friend was born on 11 January 1962, as the CAP came into force on 14 January 1962—so there we are. On his particular point, I agree with my hon. Friend that co-financing within a common regime may provide a way forward.

Regime Change

6. **Richard Ottaway** (Croydon, South) (Con): What his policy is on regime change in respect of Governments whose policies he considers unacceptable. [12883]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): We have no policy as such on regime change—except in the Conservative party. Without context, regime change is an abstraction. Our focus is on ensuring that all other states live up to their international obligations. Where they fail to do so we seek to change their behaviour. We actively encourage and support the development of democracy across the world, as that is the best way by far to secure change in regimes by peaceful means.

Richard Ottaway: I think that the House will take that answer with a pinch of salt. Will the Foreign Secretary accept that there is inconsistency in a policy that takes us to war against a country that has no weapons of mass destruction, yet chooses to ignore countries such as North Korea, which is developing nuclear weapons programmes, or, even worse, Burma, which is using chemical weapons against neighbouring countries? I anticipate that in his reply the Foreign Secretary will fall back on the United Nations, in which case will he explain why there is no UN resolution condemning either country?

Mr. Straw: I am indeed going to rely on the UN charter, as it is one of the fundamental foundations of international law. It is not a question of falling back on it; it happens to be the whole of the explanation. In the case of Iraq, there were 12 years of mandatory chapter VII resolutions that authorised the use of force—all necessary means—in 687, 678 and subsequently 1441. In the case of the Democratic People's Republic of Korea and Burma there are no such resolutions. Why? Because of the difficulty of securing international consensus.

Andrew Miller (Ellesmere Port and Neston) (Lab): I am sure that my right hon. Friend agrees that the policies of the Government of Burma are unacceptable, and I for one would like that regime changed. In the context of his response just now, what progress has been made in discussions with other Association of South East Asian Nations members? Their role is mission-critical in developing the kind of international support necessary for the changes we want to see embraced in Burma.

Mr. Straw: Almost all the other ASEAN countries disapprove of the Burmese regime, but take a different view from the UK and the European Union about the

way forward. My right hon. Friend the Minister for Europe met the ASEAN countries last year when he had responsibility for that part of the world and, as he has just reminded me, was unable to gain their support for a new Security Council resolution. We continue to say to our ASEAN friends that we do not believe that their approach of constructive engagement with and qualified support for Burma has shown any sign whatever of producing a positive change in that regime.

Sir Menzies Campbell (North-East Fife) (LD): I apologise for my false start earlier, Mr. Speaker.

The Foreign Secretary will be aware that paragraph 36 of the Attorney-General's opinion of 7 March 2003, which was published during the general election, stated that

"regime change cannot be the objective of military action"—

no doubt in recognition of article 2, paragraph 4, of the United Nations charter to which the Foreign Secretary has just referred. Perhaps today the right hon. Gentleman could take the House into his confidence. Was there ever any doubt that once military action was commenced against Iraq it would be pursued to the point of the removal of Saddam Hussein? Indeed, was there ever any doubt that regime change was the objective of that military action?

Mr. Straw: It is a matter of record that we gave Saddam an ultimatum in the second week of March 2003, which was for him to leave the country and so not face the prospect of military action. He failed to meet it. I accept that the matter has been the subject of controversy and will remain so, but the position of the British, American and many other Governments around the world is that under the UN charter, in principle, if there is an appropriate chapter VII resolution, regime change can be a legitimate consequence of military action so authorised. In the case of Iraq it was our judgment, and the Attorney-General's advice, that such military action was indeed justified.

Mr. David Winnick (Walsall, North) (Lab): Will my right hon. Friend take this opportunity to praise the memory of the three soldiers from the Staffordshire Regiment who were killed carrying out their duty on behalf of the country? The regiment has a distinguished tradition.

Will my right hon. Friend also take this opportunity to express our horror at the manner in which, among all the killing and carnage that took place in Iraq last week, children, some as young as six, were butchered by terrorists? Is it not the case that anyone in the House who justifies in any way such killing and terrorism is not fit to be a Member of this place? They should be held in the same contempt as those who try to justify what happened in London on 7 July.

Mr. Straw: Like my hon. Friend, I pay tribute to the Staffordshire Regiment and to those three very brave soldiers from that regiment who gave their lives for the cause of peace and security in Iraq; there is no higher service than that which they have given.

On the wider issue that my hon. Friend raises, I agree with him, and I would just like to say that the victims of this terrorism in Iraq have all been Muslim, which I think makes a very important point when we consider whether there is any justification for such outrages and inhumane actions.

Sir Peter Tapsell (Louth and Horncastle) (Con): On the subject of regime change, has the latest publication by Chatham House, explaining the link between terrorism and the mishandling of the problems of Iraq and Palestine, been drawn to the attention of the Government of the United States and carefully studied by the Foreign Secretary?

Mr. Straw: I cannot speak for the United States Government. The report has certainly been carefully studied by me, and it makes interesting contributions to the debate, although the hon. Gentleman will see that, at the bottom of page 2, for example, it is much more qualified than many newspapers have suggested. There the authors of the report say that yes, in their judgment,

"military campaigns to topple the Taleban regime in Afghanistan and in Iraq, and"

the fact that the UK

"has taken a leading role in international intelligence, police and judicial cooperation against Al-Qaeda and in efforts to suppress its finances"

have made us more of a target. All I say to the hon. Gentleman, through you, Mr. Speaker, is that it is inconceivable that we, as a member of the international community, even if we had not engaged in the military action in Iraq, would not have engaged in the action in Afghanistan or stood up against al-Qaeda; and the report says that if we take all those things together it makes us a target. Yes it did; and we were a target in any event, and we would have been notwithstanding Iraq. I say to the hon. Gentleman and other Members who are sceptical about this, with respect, that they need to remember that the al-Qaeda attack against the United States took place out of the blue, unprovoked, on 11 September 2001, 18 months before military action against Iraq, not six months afterwards.

Miss Anne McIntosh (Vale of York) (Con): I join the Foreign Secretary and the hon. Member for Walsall, North (Mr. Winnick) in paying tribute to the three soldiers who so tragically lost their lives in Iraq. The Government, who were swift to intervene to change the regime in Iraq, have not sought to intervene to change the regime in Zimbabwe, yet Zimbabwe is failing to live up to its international obligations. What action would he consider to be necessary and proportionate to deal with the regime in Zimbabwe?

Mr. Straw: I think it is the first time that the hon. Lady has questioned me, and I welcome her to the Front Bench in that new capacity. I share the frustration that she and everybody else feels about the situation in Zimbabwe, but the truth is that up to now, it has not been possible for us to gain an international consensus inside the United Nations Security Council against Zimbabwe, much though we believe that there should be one and that the situation there is damaging the whole region.

I also say to the hon. Lady that it is easy to feel frustrated but it is dangerous for her to imply that the answer is some kind of military intervention. I know of

no military plan that could possibly work in respect of Zimbabwe. Moreover, this was emphatically ruled out by the former Conservative shadow Foreign Secretary, the right hon. and learned Member for Devizes (Mr. Ancram), when he wrote to me back in October 2002, saying that he had not called for military action in Zimbabwe. *[Interruption.]* The hon. Lady is indicating that she is not. I am glad she is not, but in its absence, we have to work with the tools that we have.

We managed to secure Zimbabwe's suspension from the Commonwealth. We have had increasingly effective and tough sanctions established inside the European Union. Meanwhile we await the report of Anna Tibaijuka, the Secretary-General's special representative, who has just returned from Zimbabwe, and will certainly concert with all our international colleagues to see whether further effective diplomatic and other action can be taken in respect of Zimbabwe.

Military Technology Transfer

7. **Mr. Michael Jack** (Fylde) (Con): What role his Department plays in making representations to the US Administration on issues relating to military technology transfer to the UK. [12884]

The Minister for Europe (Mr. Douglas Alexander): The Foreign and Commonwealth Office works closely with the Ministry of Defence to improve the transfer of military technology between the United States and the United Kingdom. My right hon. Friend the Foreign Secretary raised the issue with the US Administration most recently in May of this year. Those in our embassy in Washington have frequent contact on the issue with their colleagues at all levels of the US Administration and Congress.

Mr. Jack: Although I acknowledge the Foreign Secretary and Prime Minister's efforts particularly to free up the technology of the joint strike fighter project for availability in the United Kingdom, so far we are only trusted with 10 per cent. of that technology. If Britain is to take the industrial and military opportunities presented by the joint strike fighter project, what further steps will the Minister put to the US Administration and members on the Hill to encourage them to trust their ally and give us opportunities to participate fully in that programme? What advice can he give to hon. Members about the role that we can play to convince our opposite numbers on the Hill that this is a matter for trust, not secrecy?

Mr. Alexander: The right hon. Gentleman raises a very important point, and I am grateful to him for giving me the opportunity to reply, not least because I understand that he shares a strong constituency interest in the matter with my right hon. Friend the Foreign Secretary—so for that reason alone, I can assure him that the issue is uppermost in our thoughts. The right hon. Gentleman raises the important point, however, that this is not simply a matter of bilateral relations between the UK Government and the US Administration.

One of the challenges that we face is with the role of committees in the House of Representatives and, indeed, the US Senate. In that regard, I can assure the right hon. Gentleman that we continue to work on that effort. We have not made as much progress on technology transfer as many of us would have wished, particularly in relation to the joint strike fighter; but I can none the less assure him that we will continue to use our contacts—not just those with our embassy, but at ministerial level—to make those points.

The right hon. Gentleman's final point was about the role that hon. Members can play. I understand that he has travelled to the US on this matter, and I applaud him for his efforts on behalf of his constituents and in the interests of British industry more generally. If colleagues on both sides of the House are travelling to the US and, in particular, to Washington, I would certainly welcome the opportunity to furnish them with information, to equip them to take forward this discussion with colleagues from the Senate and, indeed, the House of Representatives.

David Taylor (North-West Leicestershire) (Lab/Co-op): It seems quite clear that the US and UK military strategy is framed entirely by a high-tech weapons-based approach, which has seen annual global military budgets soar to $1 trillion a year. Would it not make much more sense for some of those huge resources to be deployed on things like peace building, disarmament, climate change mitigation, clean energy technology and on measures to tackle resource depletion and environmental degradation, which are the root of so much national and regional instability? Why take the high-tech weapons approach all the time?

Mr. Alexander: Of course, it is a matter of record that, as recently as the G8 summit at Gleneagles, important discussions were held between ourselves, the United States and other G8 partners on some of the issues that my hon. Friend has addressed, but I would respectfully point out that the procurement of military capacity and military technology can contribute to effective joint working on peace building and the range of work that we want to take forward with allies such as the United States.

Peter Viggers (Gosport) (Con): May I thank the Minister on behalf of the small delegation that will visit Washington next week to make representations on the joint strike fighter? Does he agree that BAE Systems has a great deal to offer not only in vertical take-off and landing technology, but in the Typhoon's construction techniques, and that it is crucial that the Royal Air Force and British industrial interests should have access to full information about the joint strike fighter if the RAF is to operate that aircraft?

Mr. Alexander: I am certainly happy to concur with the point made by the hon. Gentleman. Indeed, I reiterate the offer that I made: if we can facilitate further information being provided to him during the coming days—no doubt, in addition to the information provided by the British company involved—we in the Foreign Office will certainly be happy to do so.

Arms Sales (China)

8. **Mr. Jeremy Hunt** (South-West Surrey) (Con): If he will make a statement on EU arms sales to China. [12885]

The Minister for Europe (Mr. Douglas Alexander): We are continuing discussions with EU partners on the modernisation of strategic export controls, including the review of the arms embargo on China. There will need to be more consultation in the EU and with other international partners before any decision on the arms embargo is taken. In those discussions, we recall the European Council conclusions in December 2004 that any decision on the arms embargo would not result in an increase of arms exports to China in either quantitative or qualitative terms.

Mr. Hunt: I am grateful to the Minister for his answer. While I appreciate the diplomatic and commercial significance of the decision on the arms embargo, I am sure he will agree that the decision also has tremendous military significance for the people of Taiwan. Does he agree that our policy towards Taiwan must be consistent with our policy towards Afghanistan and Iraq, where we have always recognised the fundamental importance of allowing and promoting people's right to determine their own destiny?

Mr. Alexander: Despite having no diplomatic ties with Taiwan, we enjoy good relations with it in areas such as trade, investment, culture and, indeed, education. However, sometimes a fallacy creeps into the discussion about the review of the arms embargo. I point out that the embargo that is in place at present does not cover areas such as avionics, radar and satellite and communications systems, so although it is important to be respectful of the points of view of all parties, which will be covered by the review, we should be absolutely clear about the effect of the review that is under way.

Mr. Gordon Prentice (Pendle) (Lab): Have any representations been made to Beijing about the reported remarks of General Zhu, who envisaged a nuclear strike against the United States if conflict began over Taiwan?

Mr. Alexander: I am not aware of the comments to which my hon. Friend refers. Of course concern has been expressed about the anti-secession law that was recently passed. Although we in the United Kingdom wish to support China when it states that it wants to resolve the Taiwan issue using peaceful means, as is recorded in the law, we remain concerned about the reference to the possibility of "non-peaceful means".

Sir Nicholas Winterton (Macclesfield) (Con): I fully support the maintenance of the embargo on EU arms sales to China, but I do so in particular because, as the Government will be aware, China is taking an increasing interest in Africa and is involved in the sale of arms to Zimbabwe. Are the Government concerned about that? Does it weigh heavily with them in respect of their consideration of lifting the arms embargo? Are they in favour of China actually selling arms and weapons to Mr. Robert Mugabe so that he can subdue the poor people of his country?

Mr. Alexander: The Foreign Secretary has already made clear the extent to which we deplore the actions of Robert Mugabe's Government in Zimbabwe, even during the course of these questions. The general point that the hon. Gentleman raises is important, which is why we have been advancing the argument for an arms trade treaty. It is fair to say that support for such an idea is limited to a fairly small number of countries, but I assure the House that we will try to expand the group greatly to get a consensus for negotiation in the United Nations on such a treaty.

EU Presidency (Environment and Sustainable Development)

9. **Helen Southworth** (Warrington, South) (Lab): What discussions he has had with the Secretary of State for Environment, Food and Rural Affairs on the priority given to environment and sustainable development during the UK's Presidency of the EU. [12886]

The Minister for Europe (Mr. Douglas Alexander): Our two Departments worked closely together on the EU presidency White Paper, which sets out the priorities for our presidency. These include climate change, the review of the EU sustainable development strategy and the new EU chemicals strategy.

Helen Southworth: Is my right hon. Friend aware that environmentally conscious chemicals manufacturers in Warrington are worried that the excessive regulation proposed in EU chemicals directives could destroy competitiveness and drive chemical manufacturing out of the UK and into unregulated states, which would have a considerable cost for jobs in the UK and the global environment? Will he take action?

Mr. Alexander: I assure my hon. Friend that we have taken a close interest in the matter, not least because the type of chemical industries that she describes exist not only in Warrington, but in Paisley and Renfrewshire, South, which I have the privilege of representing. Ciba Speciality Chemicals, which is in my constituency, has on several occasions raised with me its concerns about the proposed REACH—registration, evaluation and authorisation of chemicals—directive, which is why I welcome the steps taken by the Secretary of State for Environment, Food and Rural Affairs. We make it clear that although we are keen to make progress on REACH, we must balance the environmental needs that we all uphold with the need to secure the competitiveness of EU countries.

UK/US Relations

10. **Paul Flynn** (Newport, West) (Lab): What steps he is taking to improve bilateral relations between the UK and the US. [12887]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Our bilateral relations with the United States are excellent. The United States is crucial to the achievement of the United Kingdom's own international strategic priorities. In that connection I should like to extend a warm welcome to the new

United States ambassador to the Court of St. James, the hon. Robert H. Tuttle, who arrived in London at the weekend.

Paul Flynn: In the interests of improving the harmony of those bilateral relations, does the Minister agree with the statement by his counterpart, Condoleezza Rice, that Britain's involvement in the Iraq war increased—I repeat, increased—the threat of terrorist action here?

Mr. Straw: I am afraid I am unaware that Condoleezza Rice has made any such statement, but I am happy to catch up with my hon. Friend, and if she did, I will write him a commentary on that.

May I take this opportunity to put on record something else about my hon. Friend—my appreciation for the first occasion during my whole time as a Minister on which he has expressed unequivocal thanks for something I have done: I arranged for EU Foreign Ministers to hold an informal meeting in his constituency, and he wrote back saying, "Thank you"—full stop. I say to him, "Thank you—full stop."

Mr. Keith Simpson (Mid-Norfolk) (Con): Is the Foreign Secretary aware that the former British ambassador to the United Nations, Sir Jeremy Greenstock, has been circulating a draft of a book called, "The Cost of War"? Does the right hon. Gentleman believe that it is unfortunate, and perhaps embarrassing for him, that Sir Jeremy calls the Americans' decision to go to war politically illegitimate? When Sir Jeremy was our ambassador at the United Nations, did he ever express such views to the Foreign Secretary or the Prime Minister?

Mr. Straw: This is a matter of speculation, but there is an issue—and I am glad the hon. Gentleman has raised it—for all Members and for all parties, particularly those which aspire to enter government. There is a long-standing tradition in this country, going back to the middle of the 19th century, by which we have a permanent and impartial civil service, and part of that necessary arrangement is a very high level of trust and confidence between Ministers and officials. For that reason, there are clear rules laid down in the civil service and in the diplomatic service, and we all look forward to those being adhered to in both their spirit and their letter.

NEW MEMBER

The following Member took and subscribed the Oath:

Mark James Hunter Esq., for Cheadle.

BILL PRESENTED

FOOD SUPPLEMENTS (EUROPEAN COMMUNITIES ACT 1972 DISAPPLICATION)

Mr. William Cash, supported by Mr. Austin Mitchell, Nick Harvey, Mr. Christopher Chope, Mr. Richard Shepherd, Mr. David Heathcoat-Amory, Mr. Owen Paterson, Mr. Bernard Jenkin, Mr. Jeffrey M. Donaldson, Mr. Edward Leigh, Michael Gove and Philip Davies presented a Bill to provide that a specified Community instrument relating to food supplements shall not have effect in the United Kingdom notwithstanding the provisions of the European Communities Act 1972; to revoke secondary legislation giving effect in the United Kingdom to that instrument; to amend the Food Safety Act 1990 in relation to food supplements; and for connected purposes: And the same was read the First Time; and ordered to be read a Second Time on Friday 14 October, and to be printed. [Bill 46].

Local Government and Planning (Parkland and Windfall Development)

3.34 pm

Lorely Burt (Solihull) (LD): I beg to move,

That leave be given to bring in a That leave be given to bring in a Bill to impose conditions on the sale of parkland by local authorities; to make provision about the circumstances in which a planning application may be rejected by a local authority and about rights of appeal in such circumstances; to prohibit repeated planning applications in certain circumstances; and for connected purposes.

This Bill is intended to give communities a greater say in building developments and in keeping the green heritage that shapes the character of their lives. My constituency of Solihull, like many leafy suburbs, is characterised by green open space, parks and many lovely old properties. But that character is being eroded by threats to that green open space and the constant destruction of those houses and the erection of blocks of luxury flats in their stead. The flats or, to use developer speak, "apartments", stick out from the rest of the housing nearby like sore thumbs. Residents hate such development, and more than half of my postbag relates to residents calling for action to stop windfall developments of that kind.

If councillors want to stop the developments, they are constrained by central Government planning guidance and policy, which permits developers to appeal against council decisions and to make councils pay all the costs if the council loses. So councils may be reluctant to object to planning applications, but if the council will not bite the bullet and refuse a planning application, local people have nowhere else to turn. They cannot object in their own right because there is no third-party right of appeal. If the developer does not appeal, he can make fresh applications again and again, wearing down a community, blighting residents' lives for years and years until they either move away or lose the will to carry on fighting.

We understand that current planning law was designed to achieve higher intensity development that reduces the necessity for building on open space and green belt. We applaud that, but by designating people's gardens as brownfield land, planning guidelines have had the unintended consequence of enabling developers to target windfall developments in preference to true brownfield sites. Developers, like any other business people, are in business to make a profit. If they can develop a soft target, instead of tackling polluted and more difficult inner-city true brownfield sites, they will do so. It is like putting a goat in a garden and telling it to eat thistles and not the flowers: unless it is restrained, it will go for the prize begonias every time. But when a developer seeks to build in someone's garden, there are often things more substantial than begonias in the way—in other words, trees.

Often, the first thing a developer will do before an application is submitted is to fell any trees so that their presence cannot be used as a justification for refusing planning permission. And unless those trees are fortunate enough to be sited in a conservation area, or have tree preservation orders on them, there is not a thing that anyone can do about it. That is our first problem.

[Lorely Burt]

The second problem occurs if a council decides to sell off green open space, parkland or some other green amenity as defined in PPG17. In Solihull, despite large petitions objecting, the council has determined that it will sell off more than six hectares of open space to fund the redevelopment of the local leisure centre. Despite the fact that the local community is up in arms, the council is ploughing ahead with destroying our green heritage. When that parkland is gone, it will be gone for ever.

What happens when the council has another project it needs to fund? What other bit of parkland will it sell off then? Soon Solihull, whose motto is "Urbs in rure" or "town in the country", will have to change its motto to simply "Urbs", or even "Urbs 'r' us", because there will be no "rure" left to talk about.

People care passionately about their local environment, but they have no say in the decisions taken in their name other than to vote out those who have made the decisions at election time. By then, it can be too late.

Sometimes the sale of green space affects too small an electorate to enable those people to vote out the perpetrators. There has to be a way of addressing the balance and of giving local people a say in what the character of their local area should be. So that is the problem, and I shall outline how I propose that the provisions in the Bill would tackle it.

First, there is the issue of public green space. Councils have a duty to consult local people before green space is sold off, but where the council is determined to impose a course of action, consultation can be a sham. I therefore propose that local communities should be given management control of council green space, effectively making it true common land. That would mean that they would have to agree to any change of use or sale. This is already the case in rural areas where there are still commons, and the locals vote on any development proposals. If we extended that principle to public green space, local people in urban areas would then have the responsibilities as well as rights over their green environment.

I believe that windfall developments are a largely unintended consequence of PPG3. I propose amending PPG3 to redesignate garden land as greenfield land. Under the sequential test of PPG3, true brownfield land would then have to be developed before garden land could be considered. An exception for extensions into back gardens of existing properties would need to be made. If a development involved the building of more than one property, the rules of PPG3 could apply. I further propose a third-party right of appeal so that where councils were unwilling to refuse an application that contravenes the local plan, local people themselves could appeal to the Secretary of State.

Next is the blighting of communities by continuing re-applications for planning permission. The Planning and Compulsory Purchase Act 2004 will abolish twin-tracking of applications when it is introduced. That will give some relief. However, there is nothing to stop a developer continuing to reapply for different developments on the same site. I propose that after three applications have been turned down within three years, local residents should be given a rest and that no further applications would be eligible for consideration within a further three years. That would enable an almost acceptable application to be modified and re-submitted while protecting local residents from the constant pressure of continuous new applications—a sort of "three strikes and you're out" formula.

The only trees that are currently protected from destruction are those that are subject to preservation orders, or trees that are in conservation areas. I propose that our leafy suburbs and urban areas should be protected by extending to all urban areas the rules regarding felling and works to trees over a certain size or age. That would put the onus on developers and on everyone else who wants to destroy trees over a certain size or age to notify the local authority. Trees are not only beautiful and worth preserving in their own right; they are the green lung of our communities. We cannot have leafy suburbia without leaves.

Central control of planning is needed in some circumstances, but one size does not fit all at a local level. People want, and should have, more control over the planning decisions that affect their lives, and the Bill would give it to them.

Question put and agreed to.

Bill ordered to be brought in by Lorely Burt, John Barrett, Mr. Colin Breed, Mr. Paul Burstow, Mr. Nick Clegg, Tim Farron, Sandra Gidley, Mark Hunter, Mark Williams and Stephen Williams.

Local Government and Planning (Parkland and Windfall Development)

Lorely Burt accordingly presented a Bill to impose conditions on the sale of parkland by local authorities, to make provision about the circumstances in which a planning application may be rejected by a local authority and about rights of appeal in such circumstances; to prohibit repeated planning applications in certain circumstances; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 24 February, and to be printed [Bill 47].

Business of the House

Motion made, and Question proposed,

That, at this day's sitting, the Speaker shall put forthwith the Questions on any Motion relating to committal of the Crossrail Bill and on any instruction to the Committee on the Bill, and the Questions may be decided after the moment of interruption.—*[Mr. Coaker]*

3.45 pm

Peter Luff (Mid-Worcestershire) (Con): I am always suspicious of business motions, particularly when no explanation is offered for them. I hoped that at least a brief explanation would be forthcoming. I am concerned, because an earlier business motion, to which I freely admit, I did not pay sufficient attention, precluded the amendment of instructions to the Crossrail Bill Committee. Paragraph (b)(i) of the Government instruction is particularly offensive, as it prevents the Committee from considering extensions beyond Maidenhead to Reading. An earlier business motion limited the powers of the House to provide effective scrutiny of the Bill, and I am now concerned about the implications of the present business motion. The Government owe us at least an explanation of the need for it.

3.46 pm

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): The motion before the House deals with the committal motion and the instruction on the Crossrail Bill. The committal motion formally commits the Bill to be considered by a Select Committee. It sets out the size of the Committee, how it is to be appointed and how it is to operate. Those essentially logistical provisions are well precedented. More importantly, it also sets the petitioning period. Hon. Members will see that we have given people nine weeks, until 16 September, to lodge a petition. Traditionally, petitioning periods have lasted two to three weeks—we are giving people three times that amount of time. The instruction is required to help ensure that the hybrid Bill process that is used for Crossrail is fully compliant with the environmental impact assessment directive. It is designed to guide the Select Committee in its consideration of comments on the environmental statement. Second Reading establishes the principle of the Bill, but that principle is not considered by the Committee. Where comments on the environmental statement relate to the matters that the Committee has a remit to consider, the Committee will take them into account in its assessment.

Mrs. Theresa May (Maidenhead) (Con): I am listening carefully to the Minister. The argument that he has just evinced suggests that he considers the termination of Crossrail in the west at Maidenhead a point of principle. Am I correct in my understanding of the Government's position?

Derek Twigg: That is the case, but a Select Committee can consider other related matters. The instruction invites the Committee to inform the House of, but not to comment on or analyse, the nature of representations on the environmental impact of the project that constitute opposition to the principle of the Bill and that, for that reasor , fall outside the Committee's remit.

Mrs. May: I am grateful to the Minister for his generosity in giving way to me a second time, but he has just implied that the Select Committee will be able to look at the issue of the termini on the Crossrail line. In fact, the Government instruction expressly forbids the Select Committee from looking at alternative termini for that line. He says that it is a matter of principle for the Government, so why are they refusing to give the Select Committee permission to look at alternative termini?

Derek Twigg: The Committee cannot look at the principle, but it can look at the detail.

Mr. George Galloway (Bethnal Green and Bow) (Respect): The exchange between the Minister and the right hon. Member for Maidenhead (Mrs. May) suggests the ragged nature of the Government's preparation. The Minister will be aware of the looming shadow of judicial review, so why at midday today were the papers from Bindman and Partners, expressly pointing out the grounds on which judicial review could be sought, not among the documents that the Government provided for today's proceedings?

Derek Twigg: I do not know why that is the case, but we will obviously try to find out during today's debate.

Mr. Alan Duncan (Rutland and Melton) (Con): I detect some confusion in the House about the Minister's answer a moment ago about a Committee being able to look at the detail but not the principle. Will the Committee be able to consider the merits or otherwise of extending the line to Reading?

Derek Twigg: What the Committee wishes to consider is a matter for the Committee, but the principle of the Bill is set out.

Simon Hughes (North Southwark and Bermondsey) (LD): On a point of order, Mr. Speaker. According to the note in the Lobby, under the title, "The Speaker's Provisional Selection of Instructions", you have decided that the instruction in the name of the Secretary of State be moved and voted on, and that the instruction in the name of the hon. Member for Rutland and Melton (Mr. Duncan), with which my hon. Friend the Member for Carshalton and Wallington (Tom Brake) and others are associated, could also potentially be voted on, but only if the Secretary of State's instruction is defeated. Will you reconsider that, for this reason: the second instruction has a broader remit than the first? The logic might be, if it were acceptable to you and others, that we vote on the wider alternative before voting on the narrower. These are highly controversial matters, as you know. Is there any scope for that decision being reconsidered now or during the afternoon's proceedings?

Mr. Speaker: I must follow the order on the Order Paper. That is why the instructions are laid in the No Lobby, as I intended to tell the House.

Several hon. Members *rose—*

Mr. Speaker: Order. The motion is debatable, and I would far rather the Minister made his contribution and that others came in, instead of the Minister constantly giving way. It is rather untidy to do it that way.

Mr. John Hayes (South Holland and The Deepings) (Con): Further to that point of order, Mr. Speaker. The Minister said that it is for the Committee to decide what it considers and what it does not consider. My understanding was that the instruction was quite specific in tailoring what the Committee can or cannot consider, in a way that seems to contradict what the Minister has just told us. For the sake of clarity and to inform the present debate, will you give us your guidance?

Mr. Speaker: It is for the Minister, not for me, to interpret his instruction.

Peter Luff: On a point of order, Mr. Speaker. This is an awkward debate. We are trying to establish the orderliness of our proceedings, and the questions that I want to put might perhaps be more appropriately put to you. The Minister has so far not answered the question that I put to him, which was why we need the motion, from a procedural point of view. He explained the elements of the debate and we understand that, but if he does not answer that question, would it be in order for me to put a point of order to you, asking why we need the motion?

Mr. Speaker: The hon. Gentleman can always put a point of order to me, but he has lost me there. It is the Minister's motion, not mine.

Derek Twigg: A number of the issues that hon. Members have raised and will raise on the committal motion will be debated during the afternoon and evening. The committal motion is self-explanatory. Clearly, it is for the Select Committee to consider the matters. If the Committee wanted to consider the principle, it would have to come back to the House. It is for the House to decide, but what we wish to set today is the principle, and that is what the committal motion does.

3.53 pm

Mr. George Galloway (Bethnal Green and Bow) (Respect) *rose—*

Mr. Speaker: Does the hon. Gentleman wish to take part in the debate?

Mr. Galloway: Yes, Mr. Speaker, with trepidation, because I want to catch your eye more substantively later.

What the Minister has just said flatly contradicts what he said a few minutes ago. The Government will have to get some inspiration as to what the real facts are. It cannot be true both that it is up to the Select Committee to decide what it wants to consider, and that the instruction, if passed, circumscribes what it can consider. Both those statements cannot be true. I sympathise with the Minister. The issue is detailed, complex and controversial and I do not want to fall out with him at this stage, because I shall ask him for many things in the course of the debate. We must have clarity on the subject, for clarity there is none in the House at this point.

3.54 pm

Martin Salter (Reading, West) (Lab): It is touching that the right hon. Member for Maidenhead (Mrs. May) and the hon. Member for Mid-Worcestershire (Peter Luff) have cited the case for the procedure to include the extension of Crossrail to Reading. On mature reflection, the Minister may wish that his answer had addressed these points. The Department for Transport is consulting on safeguarding the route from Maidenhead to Reading in response to very strong lobbying from the business community and Reading Members of Parliament—we have established a cross-party consensus. Those of us who have an interest in seeing the Crossrail project proceed, but who are also concerned about its impact on existing high-speed services and freight lines and the roll-out to Reading, wonder why the instruction to the Select Committee is so prescriptive. I invite the Minister to open the door to wider discussions on the consequences of Crossrail, which all hon. Members want to approve in principle, because important details have not yet been examined.

The hybrid Bill process is, by its nature, complex. The Select Committee will have about 12 months of detailed consideration to take on board all the points and concerns. Hon. Members are concerned that the Committee may be fettered by the tightly drawn terms of its instruction, on which we will vote today. I hope that the Minister will reflect on the concerns expressed by hon. Members who support the principle of Crossrail, who want Crossrail to work for the people of London, but who also want it to work for people who seek to commute into London from various constituencies to the west and the east. I hope that that has helped the Minister.

Mr. David Heath (Somerton and Frome) (LD): On a point of order, Mr. Speaker. Hon. Members on both sides of the House clearly want to consider the instruction to the Committee. If the motion is passed, there will be no opportunity for further debate, because the question will be put forthwith. The Minister is shaking his head, but is that the case, Mr. Speaker? Will you allow at least some concurrent discussion on Second Reading about the instruction motion, so that hon. Members can make their points?

Mr. Speaker: The hon. Gentleman has answered his own point of order. I will allow the instruction to be debated on Second Reading.

3.57 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I want to say a word or two about the motion, which I want the Government to withdraw after reflection.

I support the Crossrail project, but this is not the way to win friends and influence people. If we are to achieve consensus, which the hon. Member for Reading, West (Martin Salter) and others want, we must have a wide debate on Second Reading and in the early procedural stages to allow all the issues to be put on the table. It is entirely wrong for the Government to foreclose the discussion about what the Select Committee is entitled to do before we get into the substance of the debate, in

which my hon. Friend the Member for Carshalton and Wallington (Tom Brake) will lead for the Liberal Democrats.

Mr. Hayes: The hon. Gentleman has mentioned the vital importance of achieving a consensus that includes not only politicians, but various people in the railway network. Does he agree that this instruction is unlikely to achieve that purpose?

Simon Hughes: I entirely accept that. I am trying to ensure that we end up with an east-west rail link through London from the west to east that will serve people from the west country and the Thames valley, come into and through the capital, and go out to the eastern home counties and East Anglia. That has been on the agenda of this country and this Parliament for many years—certainly throughout your speakership, Mr. Speaker, and before that.

I want to make three points about why I hope that the Government will reconsider this rather surprising business motion, of which I was not aware in advance. I thought that I was coming here to debate the Second Reading of the Crossrail Bill and that, having debated its principles and substance, we could debate the remit that we give to the Select Committee when we ask it to get on with the detailed consideration of petitions against the Bill.

Martin Salter: Before the hon. Gentleman treats the House to his three substantive points, may I seek clarification from the Liberal Democrats that they join the other parties in supporting the principle of the western terminus for Crossrail being in Reading rather than in Maidenhead, as proposed?

Simon Hughes: I think that the answer is yes, and I hope that my hon. Friend the Member for Carshalton and Wallington will confirm that when he speaks on our behalf on Second Reading. I am speaking on the basis of a London constituency interest.

Peter Luff: Will the hon. Gentleman give way?

Simon Hughes: Just once more, as I want to make my three points and move on.

Peter Luff: Is it the hon. Gentleman's understanding, as it is mine, that the purpose of this business motion is to ensure that the subsequent debate and votes occur today? I wish that the Minister had confirmed that, but he would not do so. I would welcome that outcome. I support Crossrail in principle, but this instruction turns me against the whole thing because of its restrictive nature. I would like separate debates and votes on the separate issues.

Simon Hughes: That prompts me to make my first point. We have waited a long time for this Bill. It was due in the last Parliament and never came. It was in the Queen's Speech and we hoped that it would come early in this Parliament, but it was put back; it was trailed but did not happen. We understand the reasons for that—I am not being over-critical—but we now have to get moving. The trouble is that we are up against the buffer of the last three days of the parliamentary term before the summer recess. I can understand the dilemma: how does one have a Second Reading debate without any filibustering or delay that would prevent us from forming the Select Committee?

I cannot speak for colleagues in other parties, but certainly my colleagues and I would facilitate having the procedural debate later tonight or tomorrow, which would be entirely possible. There would be no difficulty if we were allowed to send the Committee a brief saying that it could look at the whole range of issues. That would not divide the House—it would produce a consensus and we could vote on it. This is a serious request to the Secretary of State, who knows these issues very well. Let us have Second Reading of the Bill, which will, I believe, receive the approval of this House in due course, but please do not fetter the hands of the Committee at this stage because there will be complaints that it is not addressing the issues properly.

My second point is that there is a large degree of consensus. The first parts of the Secretary of State's instructions and those in the name of the hon. Member for Rutland and Melton (Mr. Duncan) and of my hon. Friend the Member for Carshalton and Wallington and others are the same. They both call for a process dealing with the environmental impact and for the principle of the Bill to allow debate on where the termini should be. It is fairly obvious that if we are to have a great railway line through the country, the decisions on the locations of the termini are central and should be discussed by the Select Committee.

The instructions agree that intermediate stations should be provided in eight places: Paddington, which is obvious; Bond Street; Tottenham Court Road; Farringdon, with an interchange with the north-south Thameslink line; Liverpool Street, with an interchange with the mainline station; Whitechapel; the Isle of Dogs; and Custom House. So far, there is consensus. The difference is that my hon. Friend the Member for Carshalton and Wallington and the other signatories to the third instruction ask the Committee to consider three important questions.

The first question deals with Crossrail's effect on freight and other passenger services. That is an obvious consideration. When a great new railway line is established, the knock-on effect on other users—passenger and freight—should be considered. That is not unreasonable but sensible. The Government, who, to their credit, keep saying that they want an integrated rail network, should accept that.

The second question requests that the Committee be allowed to consider whether the line could be part of the integrated rail network. We all want that. If one travels from, for example, Hull to Plymouth and happens to go through Oxford or Reading, one wants to know that there will be some interconnection. If one makes a journey down the east coast to Cambridge, one wants to ensure that there is a connection.

The third question is obvious. Now that we have won the Olympic bid and have the great opportunity of the games, which I have always supported and now welcome—it is fantastic for London—we need to ensure, given the Government's claim at the outset that we did not need Crossrail for the bid, that we do not commit ourselves to building something that disrupts the necessary work for delivering the transport for the

[Simon Hughes]

Olympics, for example, the east London railway line extension and other projects to which we are committed. It is no good doing a Boston and digging up the whole of London because of Crossrail when we are trying to fulfil commitments in the east end and in south-east London, where I live.

The second substantive point is, therefore, a request to the Government to give the Committee the job of examining the logical questions on the Order Paper.

The third point—[HON. MEMBERS: "It is the fourth."] No, it is the third substantive point, which is about procedure. If the Government are uncertain about willingness to co-operate, will they accept assurances from colleagues of all parties that we are all willing to co-operate with getting the Bill from the Floor of the House into Committee before the summer so that we can get on with the job as soon as possible? Nobody wishes to delay progress. If the Government would be reasonable about the process, hon. Members would be reasonable about how we handle the Bill. I therefore beg the Government to withdraw the motion and allow us to do orderly business so that the Committee can get on with its job.

Peter Luff: On a point of order, Mr. Speaker. It is always unsatisfactory if the House votes on a motion the purpose of which it does not understand. The Government have given no explanation of the motion so far. If we do not pass the motion, am I right that the House could not vote on the subsequent motions after Second Reading?

Mr. Speaker: I simply want to take the motion before us and then I will worry about what happens afterwards. The hon. Gentleman asks a hypothetical question. I will know what to do when the House makes a decision. It is up to the House to make a decision.

Mr. Hayes: Further to that point of order, Mr. Speaker. As you know, the Opposition have tabled an instruction. Will it not be debated after Second Reading? When I took advice before the debate, I was told that there might be an opportunity to do that, but it now seems clear from the Under-Secretary's comments and your ruling that, if we pass the imperfect motion that we are considering, which has been criticised by all parties, there will be no opportunity to discuss anything else on the Order Paper after Second Reading.

Mr. Speaker: I shall consult on the matter.

The Secretary of State for Transport (Mr. Alistair Darling) *rose—*

Mr. Speaker: Let me answer the point of order. If the business motion is defeated, the committal motion and the instructions cannot be debated today.

Peter Luff: They cannot be voted on.

Mr. Speaker: Yes. My apologies—they cannot be voted on today.

Mr. Galloway: Further to that point of order, Mr. Speaker. I promise to brief, though my immediate thought is, "What a way to build a railroad." Is not it possible for a short adjournment to take place while advice is sought about framing the motion in a way that would take account of what has been said? It would be passing strange for the House to vote on a motion that Ministers are not even prepared to defend at the Dispatch Box, so bereft are they of justification for it.

Mr. Speaker: The Secretary of State has indicated to me that he wishes to address the House on that matter.

Mr. Darling: I intend to cover all the points that have been raised in relation to the instruction and the procedures, and to give the Government's view on them. However, as I understand it, if the House agrees to the business motion now, there will be a vote on the principle of the Bill—its Second Reading—at 10 o'clock. We will then reach motion No. 8, which is the Government's instruction, and if the House does not like it, it can vote it down. Then, as I understand it, the Opposition's instruction to the Committee would be considered. However, the business motion gives the House the opportunity to vote on these matters. At risk of straying from the point of order, Mr. Speaker, may I say that I hope, during the course of my remarks, to be able to accommodate many, if not all, of the points made by hon. Members? I believe that our instruction to the Committee will allow that.

Mr. Speaker: In that case, allow me to put the Question.

Question put and agreed to.

Orders of the Day

Crossrail Bill

Order for Second Reading read.

Mr. Speaker: Before I call the Secretary of State, I would like to inform the House that the list of my selection of instructions is in the No Lobby.

4.11 pm

The Secretary of State for Transport (Mr. Alistair Darling): I beg to move, That the Bill be now read a Second time.

London has relied on railways and underground lines built largely by the Victorians and it now needs Crossrail if it is going to cope with the needs of the 21st century. The Bill will provide the powers needed to build Crossrail, a new railway that will bring enormous benefits not only to London, but to the south-east and the wider United Kingdom.

As I suggested in the previous debate, I want to cover three main areas. The first involves the procedures involved with a hybrid Bill. During that part of my speech, I want to cover the points raised by Members on both sides of the House relating to the instructions. The second area involves what the Bill does, and the third covers the proposed route. That might help Members to time their interventions.

The procedures in relation to a hybrid Bill are unusual, so the House would benefit from some discussion on that before we come to discuss the route. I hope that, subject to stretching your patience, Mr. Speaker, I shall be able to give way to all Members who wish to raise points. I recognise that a Bill of this importance, and which impacts on the interests of a large number of people along its route, is bound to be controversial—not necessarily on party political grounds, although some hon. Members are against the proposal on principle—and it is in the interest of the House to debate these matters properly.

I now come to the nature of the Bill. The last hybrid Bill to be introduced to the House, over a decade ago, dealt with the channel tunnel rail link. Hybrid Bills are used for projects of such national importance that it is appropriate for the Government to take the lead in strategic development. However, because they deal with specific private interests, they are dealt with differently in both Houses of Parliament. A hybrid Bill has aspects of both a public and a private Bill. It is introduced by the Government and, like any public Bill, contains provisions that either affect everyone or affect particular classes of people.

The hon. Member for North Southwark and Bermondsey (Simon Hughes) and my hon. Friend the Member for Reading, West (Martin Salter) asked how Crossrail would link into the national network, in relation to trains running to the west of Paddington. I shall come to that issue later in my speech, but I mention it because it will be dealt with by an unusual procedure, because this is a hybrid Bill. If we give the Bill a Second Reading, it will go to a Special Select Committee that will have the power to hear petitions against it. That is where people who have concerns about their property or about disturbances, for example, will have an opportunity to be heard. That Select Committee will sit a quasi-judicial capucity. It then goes to a Standing Committee—most of the House will be familiar with that as it is a normal procedure on a Bill—then on to Third Reading and then to another place, where exactly the same procedure is followed.

It is patently obvious that because the Bill has such long stages in both Houses it will take some considerable time to go through Parliament, which means that there ought to be ample opportunity for just about every possible complaint and comment to be heard. As a word of caution, however, the last Crossrail Bill fell precisely because there was a lack of clarity as to the reason for the Bill in the first place—because it was a private Member's Bill, the House never decided on the question of principle—and it eventually collapsed under the sheer weight of objections. I very much hope that we can avoid that fate.

The procedural position is that if the Bill gets its Second Reading tonight, it will be sent to a Select Committee, in accordance with the instruction that we have tabled—to be fair, I think that all the instructions do that—with an opportunity for members of the public and others to petition against the Bill, so that their objections can be tabled, and which the Select Committee can then hear. The point is that there will be ample opportunity for members of the public and Members of both Houses of Parliament to have their concerns dealt with.

Mrs. Siân C. James (Swansea, East) (Lab): For clarification, what, if any, detrimental effect would the construction phase of the Crossrail project have on south Wales rail services relying on Paddington station?

Mr. Darling: I shall come to that later. I know that concerns have been raised by Members representing constituencies to the west of Paddington about access into Paddington station. I will go into that in further detail, but there is no reason why trains coming into Paddington from south Wales and the west country will not continue to be able to do so, as they do now, as they use the fast lines into Paddington, whereas Crossrail will be using the slow ones. I shall explain in greater detail why there will not be the impact that people fear.

Martin Salter (Reading, West) (Lab) *rose—*

Mr. Darling: I want to deal with the procedural points before giving way again, or we will get tangled up.

Martin Salter: I shall intervene later on the issue of routing. Can the Secretary of State clarify, in a way that his colleague chose not to do, the interrelationship between the instruction to the Select Committee and the current consultation that the Department for Transport is carrying out on the safeguarding of the route from Maidenhead to Reading, which, at a later stage, would allow Crossrail to have a western terminus at Reading rather than at Maidenhead as proposed? What is the

[Martin Salter]

interrelationship between the consideration and work of the Select Committee and the current consultation that the Department is carrying out?

Mr. Darling: I will deal with that matter later, as it takes me into a long passage of my speech with which I must deal.

Mr. David Drew (Stroud) (Lab/Co-op): My point is on a procedural matter—the relationship of the franchises, particularly the Greater Western franchise, which is currently being discussed. Is not it possible that those who are bidding for that franchise will at least try to gauge the likelihood of the Crossrail Bill going through, as that has a major implication in terms of how many additions, or reductions, to services might take place? Will my right hon. Friend comment on that?

Mr. Darling: On no possible view will Crossrail be open for services before the current Greater Western franchise is completed. Indeed, if discussions go on much longer this afternoon, it might be some considerable time before Crossrail opens. The franchisees who are bidding for the Greater Western franchise at the moment know of Crossrail and what the plans are, as they have discussed them with the Department. On any view, however, that franchise expires before Crossrail services will be running, so I do not think that that is a problem.

I want to deal with the point made by my hon. Friend the Member for Reading, West. I want to say something about the instructions. As a preliminary point, the House knows that the Select Committees that we set up have a fair amount of latitude. Indeed, successive Governments have got into awful trouble by being over-prescriptive. Nevertheless, because of difficulties we have encountered in the past and because I think we must get people to focus on a particular proposition—which is the subject of the Bill—we have tabled an instruction to the Select Committee to regard the principle of the Bill as including a proposition, namely, the provision of a railway running from Maidenhead in the west to Shenfield and Abbey Wood in the east, with a prescribed number of named stations on its route. That does not preclude the Select Committee from considering possible variations, and if it heard representations relating to other matters it would not be precluded from saying so to the House.

I note, incidentally, that every amendment to our instruction includes a restriction relating to the environmental impact, so the principle has been accepted to that extent. I fear, however, that if we do not issue our instruction, the Committee will receive only the most generalised instruction. The whole process could continue for months, if not years. There is a serious risk that one of two things could happen: either we might not reach a conclusion, or the costs of the project could rise beyond any reasonable level.

The purpose of our instruction is to tell the Committee that the House has given the Bill a Second Reading and that the principle of the Bill ought to include the establishment of a railway line that is specified in the instruction. I do not think that the Government or the House can tell the Committee, "Thou shalt not consider anything else"—for example, matters relating to any one of the stations along the route. It is open to the Committee to say that a station is in the wrong place, or that there ought to be a station somewhere else. We cannot tell the Committee, "No, you cannot consider any of those things." However, unless we have a stab at instructing it on what it ought to be considering, we run a serious risk of allowing this Crossrail project to meet exactly the same fate as others in the past. The whole thing could run into the sand.

At 10 pm, the House will have the option of voting down our instruction—although I should say for the avoidance of doubt that I hope that my colleagues will join me in the Lobby. If our instruction falls, there are others tabled by the Opposition and by individual Members—among them the hon. Member for Ongar, to whom I now give way.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I am grateful to the Secretary of State, but he should not forget the Brentwood part of my constituency—and, more particularly, the Shenfield part.

The Secretary of State is being very clear and he is trying to be reasonable about the powers of the Select Committee. Does that reasonableness extend to petitioners? Will they be able to petition Parliament on where the termini should be, or will such petitions be ruled out of order?

Mr. Darling: I do not think that we can prescribe what is in a petition. The instruction is to a Select Committee. Members of the public are entitled to petition Parliament on whatever they want. I suspect that there will be petitions against the principle of the Bill, full stop. Indeed, I should be astonished if there were not, and we cannot stop them from coming in.

All the instructions are similar, in that they tell the Committee that it should treat the principle as having been established by Second Reading. Our instruction goes further, in that it suggests the route. I repeat, however, that if someone came along and said that the stations or the termini should be different, the Select Committee may well want to consider that. It would be up to the Committee.

Several hon. Members *rose—*

Mr. Darling: Hon. Members should not worry. Everyone will have a chance to intervene. On this occasion, patience will be rewarded.

The hon. Member for Brentwood and Ongar's instruction would restrict the termini to Paddington and Liverpool Street stations, which would make it far narrower than the Government are proposing. I must say that it would destroy the economic case for the development, because unless the railway line runs beyond the two ends of the tunnel, it becomes an extremely expensive proposition.

Mr. Pickles *rose—*

Mr. Darling: I shall allow the hon. Gentleman to intervene again in a few moments.

Our instruction allows a full debate of the sort that the House wants. The other general point—I think that the hon. Member for North Southwark and Bermondsey

raised it earlier—is that public policy issues such as freight policy or the integration of the railways are likely to be discussed less in the petitioning process and the Select Committee than in the Standing Committee. That is what the Standing Committee procedure is all about.

Several hon. Members *rose—*

Mr. Darling: I give way first, as promised, to the hon. Member for Brentwood and Ongar.

Mr. Pickles: I am most grateful to the Secretary of State, who is being very reasonable. My particular instruction was not selected, so discussion of it is largely academic, but if the right hon. Gentleman is saying that no technical restrictions would prevent my constituents from petitioning the Select Committee with regard to the termini, he may well have satisfied me.

Mr. Darling: That would be amazing. The hon. Gentleman went to the trouble of tabling an instruction, so I wanted to point out that it was very restrictive and would have rendered the project uneconomic. The House should make the point to the Select Committee that if we do not receive some guidance about what the Bill is all about, we could end up, frankly, going all over the place, which none of us wants.

Mr. Alan Duncan (Rutland and Melton) (Con): I appreciate what the Secretary of State says about our amendment to the instruction perhaps prolonging the Committee stage, but given that petitions can be accepted on anything, I do not really see quite why that is the case. Inasmuch as our proposal refers to the need for proper rail freight services and an integrated transport network as well as the requirement to be properly in tune with plans for the 2012 Olympics, how does it depart in any way from Government policy?

Mr. Darling: I do not think that we have yet reached the stage where Conservative policy is exactly the same as ours—*[Interruption.]* We shall see. The point is that the Select Committee will concentrate on matters relating to the petitions, which I would expect to be mainly concerned with matters of private interest—property take, land acquisition and so forth. In respect of the acquisition of sites presently used for freight, for example, some broader policy issues will be raised. The second part of the Opposition's instruction refers to rail freight, the national rail network and the Olympics and I intend to say something about all of them shortly. Typically, those issues would be dealt with by a Standing Committee because they deal with general public policy rather than private interest.

Mr. Duncan *indicated assent.*

Mr. Darling: I am glad that the hon. Gentleman accepts that. As the House will appreciate, it is our job as Members of Parliament to determine matters of public interest. When private interests are at stake, it is right to establish a separate procedure to deal with them. That is why the hon. Gentleman's instruction is unnecessary.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I speak as a Member who served on the Select Committee that considered the original Channel Tunnel Bill—not the Channel Tunnel Rail Link Bill—19 years ago. That Select Committee sat for almost six months and had to deal with an enormous quantity of petitions and it clearly lacked the sort of detailed instruction that is being proposed today, which should make it possible to decide what priority to give to a range of petitions. Given the risk of so many petitions clogging up the Committee's work and diverting it from its priorities, I hope that my right hon. Friend will not give the impression that anyone can petition and that all those petitions will be considered. It is precisely the need for clarity about priorities that Select Committees faced with a deluge of petitions require. I hope that I am not being unhelpful to my right hon. Friend, but I want to be helpful to the Select Committee that will have to consider the petitions.

Mr. Darling: Actually, my right hon. Friend's comments are helpful, as he speaks from experience. It is open to anyone who wants to do so to petition Parliament; people have a constitutional right to do that and we cannot turn them away. However, the point that I was making, with which I think my right hon. Friend agrees, is that unless the Committee has some instruction and guidance from the House on what it is supposed to be deciding, someone could, at the extreme, argue passionately for the inclusion of a Crossrail station at Georgetown, near Thurso—the Select Committee might take the view that that would be a station too far—so it is important that we give some clarity. As my right hon. Friend was so helpful, it pains me to say that I do not think that I can accept his instruction, although I shall deal with the question of Woolwich later on.

I hope that the House can accept that we are trying to balance people's right and need to be heard with the fact that if we do not give the Committee some clarity it will be difficult, as my right hon. Friend has just said, for it to make progress in anything like a sensible period of time.

Mr. Mark Field (Cities of London and Westminster) (Con): I thank the Secretary of State for his explanations and clarification. He will appreciate that there are great concerns, especially in central London, about the precise nature of the route. For the avoidance of doubt, may I take it that his comments of the past 10 minutes ensure that the route through central London is by no means set in stone, even though it has been set out, and that it will be open to full debate in the Committee?

Mr. Darling: As I said earlier, it is open to the Select Committee, after listening to petitions and representations, to come up with proposals. I also said that if the House gives the Bill a Second Reading—I hope that it will receive cross-party support—the Select Committee will bear in mind that the one thing that would kill the Bill would be amendments that hugely add to its expense or so change it that the whole of its economics change.

I am sure that not every aspect of the Bill is perfect, and it will need changes, so we have to achieve a balance in the amendments. All members of the Select Committee should bear in mind that without too much

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difficulty we could end up creating a railway line that was completely different, vastly more expensive and would thus almost certainly never be built. For the sake of London, in particular, that would be an absolute tragedy. However, the hon. Gentleman is right—if Members and the public want to make representations about stations and the route, they can do so to the Select Committee.

Peter Luff (Mid-Worcestershire) (Con): The Secretary of State is being generous in giving way. His distinction of the roles of Select and Standing Committees was genuinely helpful, although I suspect that paragraph (c)(i) in both my instruction and that of the official Opposition touches on private interests and should thus be a matter for the Select Committee.

May we have clarification on the nature of an instruction? In my reading of the Government's instruction, paragraph (b)(i) says in effect, "You may not look beyond Maidenhead" and that was my central objection. However, the Secretary of State seems to be telling the House that it is not really an instruction but a piece of advice, and that if the Select Committee wants to look at issues relating to Maidenhead and Reading, it may do so. In that case, what is the purpose of the instruction? That is not a hostile question; it is genuine intellectual curiosity. Why?

Mr. Darling: Because, as I have said on a number of occasions, we deliberately took a light touch. Select Committees must have a certain amount of leeway if they are to work effectively, but I think that the Select Committee will want some guidance from the House on what it should be considering, precisely to avoid the difficulties that my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) raised. That is why the Government's instruction puts to the House the proposition that an instruction be given to the Select Committee to look at a specific proposition. However, as I said earlier, if someone comes along with a petition on something different, such as varying the line of the route, no Government or, indeed, the House, would say that the Select Committee should not consider it. At the end of the day, when the House is invited to consider the report of the Select Committee, a judgment will have to be reached. I shall say something about Reading later in my remarks, which I should get back to in the not-too-distant future.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The House is in some difficulty, because while hon. Members want all the evidence to be available, there are a number of parallel issues that will not actually be involved. Will my right hon. Friend make it very clear that he will be discussing the way that this scheme meshes in with Olympic developments and other overall railway issues, which would divide off in people's minds the problems that we are facing this afternoon and the need to have an overall clear railway policy?

Mr. Darling: I intend to come to that matter. Having probably been too generous in terms of the usual convention of the House, I will now come to some of these matters later. My hon. Friend is quite right—there are matters of general policy that will get debated, especially in the Standing Committee, although inevitably because of the nature of petitioning I suspect that one or two will come up in the Select Committee as well. My hon. Friend is right that it is important that we ask ourselves how Crossrail fits into the national picture. I can deal with the Olympic points very quickly—

Mr. Mark Francois (Rayleigh) (Con): Will the right hon. Gentleman give way?

Mr. Darling: No; I shall make progress and then I will let hon. Members intervene.

For the avoidance of doubt, the Government have always made it clear that Crossrail was never, ever going to be ready for the Olympics, although there are other issues, such as the planning and initial construction of Crossrail at the same time—

Simon Hughes (North Southwark and Bermondsey) (LD):The Secretary of State is being very helpful. Will he clarify two final things on the instruction process? Will he explain the implication of the first bit of his instruction? What are the environmental matters that cannot be considered by the Select Committee? I think the phrase is,

"prevented from considering by the practice of the House".

Do we all understand the Secretary of State to say that the three matters that were in the additional instruction, but not in his, are actually all public policy matters that he believes it is perfectly proper for the Committee and the whole House to consider as and when they want to?

Mr. Darling: Inasmuch as I understand the point that the hon. Gentleman is making, the policy matters that he touched on—such as rail freight, the services out of Paddington to the west and the integration, to which I shall come—are not really Select Committee matters, although the Select Committee may touch on them if it wants. However, they are certainly Standing Committee and Third Reading matters and they will be discussed then.

The first instruction is common to all the instructions. It is basically saying to the Select Committee that if someone comes in with an environmental objection and says, "I am against it on principle", the Committee can tell us about it but it cannot take it on board, because there is no point in our having an "in principle" Second Reading debate if the Committee then says, "We do not think there is a need for Crossrail"—which is what happened in 1994. Who knows? If that had not happened in 1994, Crossrail might have been open. It might not, but it might have been.

Andrew Rosindell (Romford) (Con): The Secretary of State has reassured a number of hon. Members that both the termini and the railway stations along the route can be reviewed in the Select Committee. Will he reassure me that this also applies to the proposed location of the depot, which is proposed to be placed within my constituency of Romford?

Mr. Darling: Yes, I can. The depot at Romford is an integral part of the project. Clearly, if we cannot

maintain the trains, Crossrail will not run for very long. I know that there are issues that the hon. Gentleman has raised in written questions in the House and that his constituents will no doubt want to raise in relation to the depot and the access to it, so yes, that will be considered.

To conclude this part of my speech, what I am inviting the House to do tonight is to agree the principle of the Crossrail project, which is a railway that runs between the termini at Shenfield, Maidenhead and Abbey Wood, and to agree that the main intermediate stations are at Paddington, Bond Street, Tottenham Court Road, Farringdon, Liverpool Street, Whitechapel, the Isle of Dogs and Custom House. Separate Committees in both Houses will consider these matters further and there will be an opportunity for more general debate, as I have described.

I shall outline the purpose of the Bill. Crossrail will deliver extra capacity on the rail network in London and, importantly, will provide—as hon. Members have already mentioned—a vital new link in the strategic rail network, into which it will be integrated. The main purpose of the Bill is to secure the powers necessary to build Crossrail, and that will consist of new rail tunnels running east-west through central London, connecting directly the existing surface rail routes to Maidenhead and Heathrow in the west and Shenfield and Abbey Wood in the east. By connecting the major London rail terminals at Paddington and Liverpool Street, it will enable interconnecting main line train services to cross the centre of London, through a number of new purpose-built stations. So, Crossrail will be part of the existing railway network either side of the London tunnels, and that adds a very important dimension to London's railways.

Crossrail will be regulated by the Office of Rail Regulation. Once built, its operations can be devolved to the Mayor of London or to Network Rail because the railway will serve London and the wider network. That will bring significant benefits. London's present transport system faces significant problems in meeting demand during the rush hour and we need to deal with the congestion and overcrowding on much of the network during peak hours.

Mr. Francois: The Secretary of State mentioned a few minutes ago that the Bill was not perfect and accepted that certain reasonable amendments might be needed. I am particularly concerned about clauses 21 to 31, which appear to give Crossrail priority over all other rail users. There is much concern around the House about that. Is he prepared to look at that point specifically to ensure that we try to get the advantages of Crossrail without damaging interoperability with the existing rail network?

Mr. Darling: I am grateful to the hon. Gentleman for raising an important issue. The Bill is designed to enable Crossrail to be constructed and, to do so, it is necessary to take powers not only to acquire land but, crucially, to allow the Crossrail services to run. Now that the Government have strategic control of the direction of the railways as a result of the Railways Act 2005, we clearly have an interest in ensuring that we have a railway network that not only serves London and its commuters, but is part of the national network. We are putting into London a new stretch of railway, while inevitably using existing railway lines, so it is necessary to take powers in the Bill to ensure that the Crossrail services can run. However, I make it clear to the House that, although the Crossrail services are important, it is equally important that we maintain the other services that run into London, such as the lines that come up from the west of England and south Wales and, at the eastern end of the tunnel, the trains that run on the Great Eastern and East Anglia network generally.

As I said, the Bill will give us the power to devolve the track itself to Network Rail or to the Mayor of London, but I am absolutely clear that we cannot have a railway where one bit operates to the great disadvantage of the other bit. Crossrail will not just carry the sort of metro services that run in the inner part of London, but link the City of London with areas to the west, using existing services, as well as Crossrail services to some extent. We want the Heathrow Express to continue, as does BAA, which operates it. Crossrail must also tie into the largely commuter services that come in from East Anglia, as well as not just cross-channel but Kent services.

I want to make it abundantly clear that, once Crossrail is complete, we must regard the railway as precisely what it is: part of the national network, albeit one that clearly serves large parts of London in particular. The reason why I need those powers is to ensure that we can make Crossrail happen, but, as it develops, we want to ensure that we can have a proper, integrated railway network, which is a concern that a number—

Several hon. Members *rose—*

Mr. Darling: Do not worry—everyone will get in.

The reason why I will have those powers is that I fear that, without them, neither I nor my successors could ensure that Crossrail works and that we can get those services in place. I want to make it abundantly clear that we must ensure that we regard Crossrail as part of the national network and that it does not squeeze out, to any unjustified degree, other services that are equally necessary.

Mrs. Theresa May (Maidenhead) (Con): With due respect, the comments that the Secretary of State has just made appear contradictory. The whole point about the national rail network is that access to it is determined by the Office of Rail Regulation, so the balance of priorities between certain train operating companies and the freight services is determined by that office. The Bill will take that power away from it and enable the Secretary of State to require that certain services be given priority. He cannot justify the statement that Crossrail will be a normal part of the national rail network operated by the Office of Rail Regulation and support the Bill.

Mr. Darling: I said a few moments ago that I envisaged that the railway would be regulated by the Office of Rail Regulation. Our difficulty is that we are trying to build a new railway that will be partly completely new—the tunnels—and partly integrated with the existing network. Powers must thus be taken through the Bill to make that happen and to allow the Crossrail services to run. It is intended that the railway

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will be part of the national network and that it will be regulated by the ORR. Although it is perfectly true that one cannot run two trains on one piece of railway at the same time—I will come on to deal with questions about the west country service, which I know affects the right hon. Lady—the intention is that Crossrail will be run as part of the national network. Yes, it will provide London commuter services, but it will also provide links for different parts of the United Kingdom.

The right hon. Lady should have no fear that this will somehow be a bit of railway that will be run entirely independently from the rest of the network. That would not be possible owing to its very nature. If that were the intention, we would do precisely what the hon. Member for Brentwood and Ongar (Mr. Pickles) envisages in the instruction that he has tabled and stop it at the tunnel ends, but that is not the case.

Sir Paul Beresford (Mole Valley) (Con): The Secretary of State's comments are helpful, but what will happen to new services that are proposed? I am thinking particularly of Airtrack, of which he will be aware and which I think that the Government support. The Airtrack proposers are worried that they will be blocked out of terminal 5, where there will be a shortage of platforms, if Crossrail takes those platforms.

Mr. Darling: I do not think that that will happen. It might help the hon. Gentleman if I say that the Government and BAA, which owns Heathrow, have had many discussions about how Crossrail, Heathrow Express and Airtrack will tie in. Those discussions will continue. The current intention is that Crossrail trains will run to terminal 4, with the Heathrow Express running to terminal 5—obviously, both will call at terminals 1, 2 and 3. The current Airtrack proposal is that it will be able to come into terminal 5, but those proposals are not especially advanced at present, so that has not yet been finalised.

Given the history of the railways, some fragmentation is inevitable, although that is not all to do with what happened 10 years ago. BAA built its own railway as a separate entity from the main railway network. However, Heathrow Express runs perfectly sensibly and well with the existing network, so Crossrail can do exactly the same thing. My specific answer to the hon. Gentleman's point is that BAA and the Department are having extremely useful discussions. The intention is that Crossrail will go to terminal 4, so it will not squeeze out developments at terminal 5.

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): The Secretary of State is being generous in giving way and helpful by answering questions. He implied earlier in response to a question asked by my hon. Friend the Member for Swansea, East (Mrs. James) that there would be few problems because the two fast lines into Paddington from the west and Wales would remain as they are now. However, it is quite common to find that all four existing rails into Paddington are used, so passenger trains that are meant to be on the fast rails are going on to the slow rails even now, before any construction has begun. Many of my constituents in Bristol are worried that the powers that are being taken could be used to give Crossrail trains priority over trains that currently run between the west and Paddington. It is important that we get some reassurance on this.

Another reason why the four tracks are often in use is because freight also uses the line, and a lot of important freight comes from the west country—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Interventions are getting rather long and we have a long list of hon. Members who wish to try to catch my eye.

Mr. Darling: Perhaps that is an instruction to me as well, Mr. Deputy Speaker. My hon. Friend raises an important point on which my hon. Friend the Member for Reading, West and others have also touched.

My hon. Friend the Member for Bristol, North-West (Doug Naysmith) is right that trains coming into Paddington experience delays. That is partly because the lines to the west of Paddington, like those in many other parts of the network, could have done with investment to improve signalling and track capacity over many years. I shall not get into the argument about that problem again because we all know why it happened. Part of the Crossrail proposal is to spend something like £1 billion on upgrading those lines and making it easier for freight trains to get on and off the main line. If a freight train comes off the main line and goes into a siding at the moment, it can effectively block the line for six or seven minutes. That might not seem like a long time, but if that happens several times a day, the problem soon mounts up, so that is one reason why my hon. Friend's trains sometimes get held up.

The intention is that Crossrail will use existing slow lines, not the fast lines. The fast lines will benefit from the additional electrification to ease freight train access to which I referred, and fast train services ought to be able to run. Some of the stories appearing in Bristol and further south-west about 40 per cent. cuts in capacity are absolute rubbish. It is one person feeding off another and such stories are not justified. There is no way that I would sanction anything in London that would result in a 40 per cent. cut in trains from the south-west of England.

Dr. Naysmith: I am pleased to hear it.

Mr. Darling: I am glad that my hon. Friend thinks that. The south-west of England is very important to the country and such scaremongering is nonsense. Crossrail will use the slow lines and also subsume some suburban lines. He should not be concerned about any adverse impact on trains from points west of Paddington, especially long-distance ones. Overall, the additional investment from Crossrail on lines to the west of Paddington will be beneficial not just to intercity services but to suburban services. In fact, the project will contribute much-needed investment to that part of the line, which has been overdue for some time. I hope that I have satisfied him on that point. If not, no doubt he will let me know.

Martin Salter: I certainly associate myself with some of the concerns expressed by other hon. Members. The Secretary of State said that Crossrail will be a vital rail route, connecting with the rest of the rail network.

With due respect to Maidenhead, it does not connect with anywhere. Does he accept that there is a powerful and logical case for locating Crossrail's western terminus in Reading?

Mr. Darling: Not entirely, no. My hon. Friend is a little unkind to Maidenhead—there is no reason why trains should not stop there. Reading was not included in the proposal because taking the train out there would add considerably to the expense of the project, not least because substantial resignalling around the Reading area would be required and there are problems with capacity at Reading even at the moment.

My hon. Friend the Member for Harrow, East (Mr. McNulty), the former Minister in the Department, said in the debate on the carry-over motion that the Government would consult on whether we ought to safeguard the route from Maidenhead to Reading. We shall be writing in the next few days to ask whether there ought to be such consultation, bearing it in mind that safeguarding brings problems. Once land has been safeguarded, there are consequences for local authorities, and not necessarily for the Government.

As I said right at the start, the project had to be made manageable and the sums had to stack up, and that is why we chose not to include Reading. My hon. Friend and his constituents and others will no doubt wish to petition the Select Committee on that, but, if we are going to get this built, we have to try to nail down a proposition. I am not closing the door: what my hon. Friend the former Transport Minister said on safeguarding remains the case.

Mrs. Jacqui Lait (Beckenham) (Con): I am grateful to the right hon. Gentleman for his generosity in giving way to so many hon. Members. I hope that, if I incur the wrath of my hon. Friends on constituency points, they will move the issue on slightly.

The Secretary of State is discussing the powers that he is to take for funding Crossrail. As he knows, businesses in London are very supportive of the principle, but there is concern that they will be asked to contribute considerably to the cost. In central London, where the congestion charge is at last being quantified as having a negative impact on the retail, leisure and tourism industries, there is concern that an extra levy on businesses could reduce even further their viability and hence not even the expected amount of money will be raised. Is he coming to that issue or will he reassure businesses in London that they will be able to continue to exist?

Mr. Deputy Speaker: Order. Before the Secretary of State replies, I wish to repeat my advice to the House about the length of interventions. I understand why the Secretary of State is taking interventions and why hon. Members are making them, but we must try to keep them to reasonable proportions.

Mr. Darling: By happy coincidence, I was about to come to the cost, but, first, I wish to make a point directly relevant to the hon. Lady's intervention. If we do nothing, there is a serious prospect that at some point in the next decade—or certainly the one after—London will not be able to carry the number of people who come into it. Of all the difficulties that London business faces, that would be the No.1. That is why, over the past few weeks, I have said to the House time and again that we must all ask how we can get more capacity out of the system, be it road or rail.

Peter Luff *rose—*

Mr. Rob Wilson (Reading, East) (Con) *rose—*

Mr. Darling: I wish to answer the hon. Lady's point first. You made a fair point, Mr. Deputy Speaker, and I understand that some 18 hon. Members are down to speak. I do not want to make a Budget-length speech, and I shall now concentrate on the cost issue.

We think that Crossrail will add some £20 billion to the UK's GDP. It will also benefit London substantially through congestion relief and additional capacity, which will assist commuters. That is why it is necessary to build Crossrail. We think that Crossrail will cost some £15 billion or £16 billion at today's prices. The Bill envisages construction between 2008 and 2015, and, if one looks at the money that would be spent in those years, adjusted upward to take account of inflation, that is the probable order of magnitude.

I said last year that my Department, together with the Treasury and Transport for London, would take forward work on alternative funding mechanisms that could be used to raise a contribution from London. Most London business organisations are willing to contribute, because they perceive the direct benefit that London as a whole will receive. However, in light of the work that is being done by Sir Michael Lyons in reviewing local government funding more widely, it makes sense to see what he recommends before deciding the detailed balance of funding on Crossrail. My right hon. Friend the Chancellor and I have therefore decided to defer the consultation on alternative funding mechanisms until after the Lyons review.

It is important to demonstrate our commitment to the project, which is underlined by the fact that we are taking this Bill forward to establish the principle and route of Crossrail. Nevertheless, as the hon. Lady says, it is a significant sum. The cost will be some £15 billion or £16 billion in cash terms. It is a huge challenge, both in terms of funding and in respect of the wider fiscal position, so we need to get the funding right and to take the time to make that happen. My Department will continue to take those issues forward, including the issue of additional development funding, working together with Transport for London.

Mr. Rob Wilson: The Secretary of State made the point that Reading was uneconomic as the western terminus. What cost-benefit analysis of that has been made and why would Reading be uneconomic?

Mr. Darling: The issue was considered as part of the cross-London rail links project and all the information is available in the Library. It would take the best part of the rest of the debate to read it all out, but in simple terms, the costs would arise from extending the railway line from Maidenhead to Reading, including construction costs and the consequent need for resignalling at Reading. There are also capacity

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problems at Reading. I did not say to my hon. Friend the Member for Reading, West that, in terms of time gained, the studies that were carried out showed that most people would find it quicker to get from Reading into Paddington and then change; it would be quicker to use the existing high-speed services than to use Crossrail, which would be a local service. The studies were carried out and the hon. Member for Reading, East (Mr. Wilson) is welcome to examine them. I may have said that construction costs were based on 2008 to 2015. If I remember rightly, it is 2007 to 2013.

As I have said, there is a new central tunnel section for the stations to which I referred earlier. Major construction work is necessary at each station site as well as intermediate ventilation and emergency intervention shafts. It is my guess that a number of these areas may concern hon. Members and their constituents. I know that the hon. Member for Bethnal Green and Bow (Mr. Galloway) will certainly be concerned about Hanbury street. These are matters that the petitioning process is designed precisely to address so that we can ascertain what we can do to try to address concerns, if that is possible. We have tried throughout the process to examine all the options and to come up with those that are the least environmentally damaging and the least inconvenient to people. Inevitably, the construction of a large-scale railway underneath one of the largest cities in the world is bound to have some element of disruption.

I have mentioned that there are three outlying sections of the scheme to the west, the north-east and the south-east, and I hope that I have explained how they link with the existing network. Decisions about the route, the location of stations and so on were the subject of consultation both in 2003 and 2004. In addition to that, a number of plans have been put forward as alternatives to Crossrail, on which Members may wish to touch. However, I believe that the proposition that we have before us gives us a realistic chance of getting something constructed. It will take time, however, and it will be expensive. I believe that it will benefit London, the south-east and the whole country overall.

I hope that, during the course of the afternoon, I have been able to address some of the points that have been raised. I suspect that the House will have quite a long time to consider these matters because of the process that has been established both in relation to this place and another place. I hope that right hon. and hon. Members, as well as their constituents, will have ample opportunity to have their concerns explored.

Having considered these matters for the past three or four years, I am convinced that, if we do not do something about transport problems in London, not only London but the entire country will pay the price. I hope that, as we consider Crossrail and all the problems that we face, we can try together to reach some consensus in relation, first, to the building of Crossrail and, secondly, on the precise shape and form of it. I hope that we can avoid a situation where, in people's desire to be helpful and to add bits on here and there, we do not end up killing the entire project.

If we pass the Bill tonight, it will mark the biggest single development since Victorian times. It is a huge project with huge benefits. I commend the Bill to the House.

5.3 pm

Mr. Alan Duncan (Rutland and Melton) (Con): I begin by thanking the Secretary of State for the thoroughness, the patience and the courtesy with which he has treated the House. He has been generous in giving way and he has answered some pretty technical and complicated questions. I think that he has largely overcome the original confusion that was sown about the remit of the Select Committee. I think that the House will be grateful for the understanding tone that he has adopted towards this difficult and complex issue.

The country needs infrastructure. Building high-capacity routes in a densely populated country is an evermore complex and controversial endeavour. I hope that at least in principle, if not in every detail, we can make the issue of Crossrail something that has cross-party support.

Britain is crowded. In the past few centuries, we built our infrastructure very well—we constructed ports, canals, railways, airports, roads and now, by virtue of this project, we will construct railways again. As we build more, however, everything becomes entwined, and as we are not building any more space, inevitably the facilities that we are trying to construct for the betterment of our life overlap and compete for that space. That is nowhere more so than in our capital city, which is congested, highly populated and has many intense traffic movements from day to day. We have built in and out of London; we have built the M25 around it, but we have not built anything across it. The project will go from east to west, and from west to east. Inevitably, it must be a Government endeavour or at least a Government-authorised endeavour, so that the powers needed to implement it are enshrined in law. That is what the Bill attempts to do.

The Bill has been a long time a-coming. Any infrastructure project of this scale needs some push and drive. The people working on it need to adopt a "get on with it" attitude, balanced, as is clear from our deliberations today, by acute sensitivity to local and private concerns. Over the years, as I have said in previous debates with the Secretary of State, the country's infrastructure planning has been bedevilled by short-term horizons. The project attempts to take a longer view, and tries to solve a problem before we are completely bunged up and are compelled to do something about it. I lived in Singapore in the mid-1980s, and as we look across the world from west to east, we can see that that country had great planning horizons, and built great capacity, in excess of what was thought necessary at the time. As a result, it has a world-standard metro and a world-standard airport, which has capacity for even more flights.

Henry Miller wrote:

"Life, as it is called, is for most of us one long postponement."

To some extent, that is true of the Crossrail project. For as long as I have been in the House, the concept has been hovering, waiting to be put into practice. It has been knocked off course every now and then, particularly in 1994. One of the consequent costs is the escalation of the price that the country has to pay to make it happen. Something that began as a £2 billion project is probably now a £10 billion project, and we can comfortably predict that by the time it is completed it will be a £20 billion project.

There is no point, however, in rehearsing the passage of events over the past 15 years. Instead, we should take our text from a letter in the *Financial Times* yesterday that referred to our forthcoming debate. It was signed by many senior business men, including the director general of the CBI, the chairman of Citigroup and others, who urged the Government to get on with it, as it is essential for the economic growth of London and the United Kingdom. We must, as the Secretary of State largely did, look at the route, its planning and construction, as well as its interrelationship with the plans for construction projects for the 2012 Olympics. We must look at funding—the Secretary of State did not say very much about that, so we may wish to return to the subject later. We must look at the effect of the project on local interests and the intensity of local opinion along the route and among people who believe that they are affected by the knock-on effects of this massive undertaking. We must look at the interaction with other networks, and the regulatory regime, mentioned by my right hon. Friend the Member for Maidenhead (Mrs. May), that will govern it.

It is proper to put on record the scale of this huge engineering project. If it is undertaken as we expect, it will be one of the wonders of the world. I shall paraphrase the details rather than read them all out, as hon. Members will be familiar with them. There will be 46 km of massive tunnels, some of them 50 m below street level, going under huge buildings and built-up areas of London. That is an enormous engineering endeavour, the likes of which we have never seen before.

There will be safety issues. In the current security climate, the ventilation and escape shafts are a poignant detail that the Committee will want to study. We will also have to examine the interrelationship with existing railway corridors. Although the Secretary of State offered us some reassurance this afternoon, that interrelationship may pose a problem because we are trying to squeeze if not a quart into a pint pot, a great deal of activity on existing railway capacity, which will be pushed to the limit.

We are told that Crossrail will be running by 2013. I suspect that is quite an ambitious finish date. A project of such a scale may well take a decade, but it is clear that some of the other suggested schemes are not realistic, and Crossrail is currently the only one on the blocks.

I said that Crossrail would probably be at least a £10 billion project, and perhaps even more. There is an estimated shortfall in funding of about £7 billion. I would appreciate hearing more from the Minister in his winding-up speech about how that will be made up, and what sort of undertakings and guarantees will be given at the beginning of the project that the money will be available to see it through to completion. All of us can cast our mind back to the channel tunnel, a comparable infrastructure project that was always bedevilled by increased costs and insufficient funding to underpin it, such that it almost went bankrupt. We need to make sure that Crossrail is fully underpinned and can definitely go ahead.

Mrs. Dunwoody: Will the hon. Gentleman give way?

Mr. Duncan: Yes, of course. Always.

Mrs. Dunwoody: The hon. Gentleman is always enormously courteous and helpful. Is he suggesting that the state should underwrite the whole cost?

Mr. Duncan: I shall come in a moment to the relationship between the private sector and the state. That is extremely important, and no doubt the hon. Lady's magnificent Committee will want to look into the matter as well.

We need a clearer picture of the structure of revenues and funding. The Montague report identified five main potential sources for funding the construction of Crossrail: net travel-generated revenues, which in plain English means fares; any appropriate European Union subventions—it would be interesting to know what they might be; contributions from London businesses and/or individuals, which might be voluntary or mandatory; property revenues; and direct Exchequer support. That is quite a complex structure of financing, with a large number of elements, all of which are fairly uncertain, unless the Minister is able to reassure us at the end of today's debate. I hope that a clearer picture of funding can be forthcoming.

Mr. Pickles: Does my hon. Friend recall that the Montague review also stated that it could not confirm the delivery of the business case? Has he seen any evidence produced by the Government or any other documents to suggest that matters have moved on since Montague's statement?

Mr. Duncan: No doubt all that will be discussed fully in Committee, but any such infrastructure project will have very large costs at the beginning and will be generating revenues going for decades, if not centuries, afterwards, so the economic models are not easy to draw.

How the project will interact, in terms of both funding and construction, with the plans that are being laid in preparation for the 2012 Olympics has not been answered adequately this afternoon. I appreciate that we will have the Second Reading of the London Olympics Bill on Thursday, but it is important for the House to have a clear picture of how the two will interact and happily interrelate.

The hon. Member for Crewe and Nantwich (Mrs. Dunwoody), who is Chairman of the Transport Select Committee, and the House is very pleased to see her back in that job for a further term, asked about the funding. Following the demise of Railtrack, one must ask whether business men will feel like taking a risk on a project such as Crossrail with the Government as partner. Strong reassurance, and now probably even guarantees, will need to be given if people are to risk tens, if not hundreds, of millions on a project of such a scale in partnership with the Government. The question whether the partnership between the Government and private enterprise may take on an extremely sour tone is extremely serious. I hope that it is certain that that will not happen with this project.

Peter Luff: Has my hon. Friend seen the BAA submission to the Government's consultation, in which BAA expressed serious concerns about the effect on its services to Paddington during the construction phase and subsequently? The construction phase will occur at

[Peter Luff]

the same time as the Olympic games, a bizarre moment at which to make traffic difficult between Heathrow and Paddington.

Mr. Duncan: My hon. Friend is right to point out that the construction of Crossrail may be to the detriment of the Olympics and that it may decrease capacity between Paddington and Heathrow.

Mr. Mark Field: It is unsurprising that Government Front Benchers have not confirmed this point, but there is little doubt that Crossrail will not be constructed before the Olympic games. In my constituency, Charing Cross road will be closed for some two years during the construction phase, when the whole of central London will become a building site. Many of my constituents will welcome Crossrail after it has been constructed, but they are concerned about the impact of construction on day-to-day life. It is inconceivable that large-scale construction will take place before the 2012 Olympics.

Mr. Duncan: My hon. Friend has hit on a serious point. We have been told that the likely completion date for Crossrail is 2013—if one allows a couple of years for slippage, it is 2015—and the Olympics will take place in 2012. If the hybrid Bill process is completed in both Houses in two years' time and the Bill is enacted, will significant construction get under way before the Olympics? I hope that the Minister answers that question in his winding-up speech. *[Interruption.]* The Secretary of State spoke for nearly an hour, but every word was worth it, and we are grateful for his thorough approach.

I do not want to speak for much longer, because I know that today's debate is an important forum for other hon. Members to express their concerns for their individual constituencies. My right hon. Friend the Member for Maidenhead and her constituency neighbour, my hon. Friend the Member for Windsor (Adam Afriyie), are concerned about the question, "Why not Reading?", which has been answered, although not conclusively, this afternoon. My hon. Friends the Members for Mid-Worcestershire (Peter Luff), for Witney (Mr. Cameron), for Cotswold (Mr. Clifton-Brown) and for Forest of Dean (Mr. Harper) are concerned about the knock-on effects. My hon. Friend the Member for Romford (Andrew Rosindell) is deeply concerned about the construction of the depot in his constituency, and if he succeeds in catching your eye, Mr. Deputy Speaker, I have no doubt that he will enthusiastically explain the matter in great detail.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): My hon. Friend used the analogy of squeezing a quart into a pint bottle. Will he accept that Paddington is the narrow part of the bottle? However much one speeds up the process, it is not possible to get more trains in and out of Paddington, which means that lines to the west will not be developed further. In other words, Crossrail will fossilise our rail services, which we would like to expand to allow more people to travel on the railways.

Mr. Duncan: A wag once told me that I, of all people, prove that one can squeeze a quart into a pint pot—or, perhaps, a pint into a half-pint pot.

My hon. Friend's point is valid, and the hybrid Bill process is designed to study such issues in detail. We have not seen a hybrid Bill dealing with such a project for a long time, and it will be interesting to see whether the procedure has stood the test of time and can cope with a project of this magnitude.

Before I finish, I should like to return to the relationship between Crossrail and existing networks and the regulatory regime. Many in the industry who have made representations feel that the Bill undermines the principle of independent regulation. They think that its powers could negatively affect Network Rail's ability to deliver services and that it challenges the wider principle of independent regulation, as my right hon. Friend the Member for Maidenhead suggested. Taken together, clauses 21 to 26 allow the Secretary of State to override the existing processes and access rights that are designed to ensure that timetables reflect the needs of all route users. They enable the Secretary of State to instruct—not just permit, but instruct—the Office of Rail Regulation to amend existing track access agreements to give priority to Crossrail.

That appears to establish a regime not of equity but of preference, and therefore challenges the even-handed approach that the ORR is currently required to display. The existing regulatory structure allows the ORR to operate in a balanced way, taking account of the overall need of the entire rail network, but the Bill fundamentally undermines and changes the ORR's role in that respect. It will allow control of the Crossrail tracks to be taken away from Network Rail and force the ORR to give priority to Crossrail trains over those of other operators. That would give Crossrail trains exclusive access to half the track capacity on the routes between Paddington and Maidenhead and between Stratford and Shenfield, which would substantially reduce the capacity available to non-Crossrail users on those routes, force reductions in current service levels, and make future growth impossible. A serious knock-on issue of capacity and track congestion flows from the Bill.

One of the main representations that we have received, which is very strongly felt, concerns freight. The industry has expressed concern that there is a real risk that large quantities of bulk materials—including aggregates, cement, fuel oil and domestic waste—and high-value goods such as cars and manufactured products in containers will be forced from rail by Crossrail services. It is important, in trying to maintain a cross-party consensus, that the Minister should provide a good rebuttal of that suggestion if he can.

The railway industry has made every effort to advise the Secretary of State of its concerns. In reply, he said that

"there are no plans to acquire permanently part of the Network Rail network for dedicated use for Crossrail services".

He also said:

"It follows that Network Rail will operate and manage services on Network Rail's network including Crossrail services."

There are none the less concerns that such powers remain in this hybrid Bill. We are concerned that the Secretary of State's words are not matched by the black and white text of the Bill; and in the end, as we have learned to our cost in many other areas of legislation,

what it says in black and white matters most, because that is what courts will decide on, however honest the Secretary of State is.

I do not want to detain the House any longer because many Members want to speak. This project has been a long time a-coming. We should like to see a broad coalition of support behind it, but one that is sensitive and responsive to the local needs and concerns detailed by many right hon. and hon. Members on both sides of the House. Looking to the welcome award of the Olympics to Britain in 2012, we want to hear that that project will not unreasonably delay the Crossrail project. In short, I say to the Government that they should get on with this if they mean it, but if they do not, they should not raise false hopes and lead everyone a merry dance. We should like it to happen; let us make it happen.

5.24 pm

Mike Gapes (Ilford, South) (Lab/Co-op): I speak as the chair of the all-party Crossrail group and I begin by paying tribute to Linda Perham, who established it in the previous Parliament. Without the group, perhaps we would not be considering Second Reading at this time.

As chair of the all-party group, I emphasise that it consists not only of hon. Members of all parties but of people with very different views. Members of the group will raise some concerns and criticisms in the debate because we are all committed to improving transport across London and to the national benefits and implications of that. However, we also acknowledge that we have constituency and local interests, which must be taken into account.

I want to comment on my constituency because Ilford is one of the areas that will benefit greatly from Crossrail. Ilford station is between Stratford and Shenfield and my constituency also contains the stations of Seven Kings and Goodmayes. Chadwell Heath is at the edge of my constituency, although the station is in the neighbouring constituency. The platforms in those stations will need to be extended, which will involve considerable reconstructive engineering work, the removal of waste, many vehicles and possible disruption to the lives of many of my constituents.

I am unique, in that I am the only Member on Crossrail's designated route who will have a loop in the constituency. That means the possibility of freight and passenger trains being able to pass each other. That, too, will involve considerable work, including the construction of a line close to the back gardens of many of my constituents. I want to place that on record because, when we discuss practicalities and implications, it is possible that the lives of many people will be disrupted in the short term for the greater good.

If the Bill is successfully piloted through Parliament and gets on to the statute book, and construction work begins in 2007, 2008 or 2009 in my constituency and others, it will have an impact on many people. There are concerns about adequate shielding from noise and construction work, the times of day when the work will be undertaken, shielding from lighting to prevent people from being woken up or kept awake at all hours and the times when vehicles move materials backwards and forwards. All those matters will have an impact. Many other hon. Members will have similar worries when work is carried out in their constituencies. I therefore hope that the Committee can take those matters into account when it receives the many petitions and submissions that will doubtless arrive in the next few weeks.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): My hon. Friend—

Mr. Deputy Speaker: Order. The hon. Lady should not turn her back to the Chair. All remarks are to the Chair.

Meg Hillier: My apologies, Mr. Deputy Speaker. I shall not make that mistake again.

I am delighted that my hon. Friend has referred to benefits for London. I hope that he agrees that constituents will gain in many parts of London, especially Hackney, where people will benefit from the clearing of the Liverpool Street throat. That will mean faster trains from Enfield and Chingford to that area. That is a great spin-off from Crossrail.

Mike Gapes: Yes, of course. After detailing my constituency's interests, I intended to explain that, despite the disruption that many constituents face, there will be enormous benefits.

In east London, there is a problem with overcrowding on the Central line. I was on a train that was going into Liverpool Street station this morning, before I transferred to the Jubilee line at Stratford, where I can be guaranteed to get a seat. I certainly could not get one when I squeezed myself into a crowded carriage at Ilford station at about 7.30 this morning. That also applies at 8.30 and at 9.30; there is always pressure on that line into Liverpool Street.

One of the consequences of Crossrail will be to increase capacity. It will also mean that people do not have to get out of the trains from Shenfield at Liverpool Street; they will be able to go beyond it and across London. They will no longer have to decant themselves on to the Central line, the District line or the Jubilee line, or perhaps go round the Metropolitan line to get on to the Northern line. There will be fantastic improvements. Crossrail will cut travel times across our city and reduce stress and disruption for many people.

Mr. Lee Scott (Ilford, North) (Con): Does the hon. Gentleman agree that Crossrail will increase not only capacity but the regeneration of the London borough of Redbridge, in which both our constituencies are situated? The impact on the areas surrounding us must also be considered, as we have heard from other hon. Members.

Mike Gapes: I agree with my neighbour. He and I have a big interest—he is still a member of the borough council, and I am a constituency MP—in the regeneration of Ilford station. That station is linked to the regeneration proposed in the progressive Ilford plan, which the council is introducing on a cross-party basis. Crossrail will give us the opportunity to reposition the station entrance, to remodel the road system around the station, and to regenerate the centre of my constituency,

[Mike Gapes]

which it greatly needs. Such spin-off benefits will occur not only in my constituency but elsewhere as a result of Crossrail.

Angela Watkinson (Upminster) (Con): The hon. Gentleman has noted that stations along the route will enjoy platform lengthening. Has he noticed, however, that not all of them will benefit from access for the disabled? Does he agree that this is a golden opportunity, with large sums of money being spent on refurbishing stations, and that disabled access should always be included; otherwise we shall be spoiling the ship for a ha'p'orth of tar?

Mike Gapes: I entirely agree, and I hope that that matter can be addressed as we consider the later stages of the Bill.

I have referred to the underground system. The other important benefit will be the links to the docklands light railway, the East London line and other routes that come into and across the city. The Secretary of State said that Crossrail had to form part of an integrated national network. That relates not only to the lines that come in from hundreds of miles away but to those in the greater south-east region, with its many millions of people who need to cross our capital city either for work, leisure or other reasons. Crossrail will at last give us the opportunity to create sensible, integrated cross-London routing and connections, which we would not otherwise have.

Those of us who are proud to have been born in this capital city, and to represent it in the House, know that it is important that the rest of the country should be behind these developments, just as it is behind the great achievement of winning the Olympics for London. Crossrail will provide people from all of the UK with the ability to travel more easily across our capital city. It will provide an integrated link between different parts of the country.

Crossrail represents an historic opportunity—an opportunity that we missed a decade ago. When I first came into this place in 1992, I remember asking Steve Norris questions about it. Later, my hon. Friend the Member for Hampstead and Highgate (Glenda Jackson) dealt with the matter, followed by my right hon. Friend the Member for Warley (Mr. Spellar). Still later, it was the responsibility of the present Secretary of State for Defence, whose constituency name has changed but who, at the time, represented Motherwell. All kinds of Ministers have passed through during that period, and we had the frustration of not seeing the Bill introduced until right at the end of the previous Parliament. At last, we have a historic opportunity, which, as a country, we cannot afford to miss. This country needs Crossrail, London needs it, and millions of people will benefit from using it once it is built. I am therefore positive that we must go ahead.

Mr. Peter Robinson (Belfast, East) (DUP): I can see the hon. Gentleman's enthusiasm for Crossrail and I will certainly be among its supporters. He is also an enthusiast for the London Olympics, however, and given that, for instance, Newham is just emerging from disruptive construction work, what kind of disruption will there be in 2012 if we expect Crossrail to open in around 2013?

Mike Gapes: Clearly, there must be co-ordination. In relation to Pudding Mill lane station and other works, which are to be used both for the Olympics and Crossrail, planning of the engineering work will be necessary. Such issues need to be discussed before that work starts, and clearly, phasing is required. I am not an engineer or an expert, but I am sure that those who are experts can find ways of doing it. Obviously, it is vital that we have a successful Olympics, and that we have Crossrail built and running as soon as possible afterwards. We all need to recognise the realities and the practical issues, but I am sure that it is not beyond the wit of men and women to find a solution.

Andrew Rosindell: I admire the hon. Gentleman's enthusiasm for the whole Crossrail scheme. He understands that the huge depot will be located in Romford. Would he be equally enthusiastic were it to be located in Ilford?

Mike Gapes: Regrettably, most of the land in my constituency seems to have been built on for housing and high-rise flats. I am not sure that we have a location as suitable as that in Romford. I hope, however, that discussions can take place about making sure that brownfield sites are used and that the needs of the community are taken into account. I am sure that the issue will be resolved in due course to the benefit of all of us in London, not least the hon. Gentleman's constituents.

I have detained the House for long enough, and I want to allow other Members to speak. Crossrail is supported by a spectrum of organisations in London, by employees, trade unions, community organisations and commuters, and by a wide spectrum of interests of all kinds. Let us unite and make sure that it becomes a reality.

5.38 pm

Tom Brake (Carshalton and Wallington) (LD): The start of this debate was perhaps a little more muddled than I had anticipated, and I welcome the clarity that the Secretary of State brought.

As hon. Members know, we have been waiting for this Bill for a long time. Speaking as a commuter in London for the past 25 years, commuting has been the best of times and the worst of times. The emotions that commuters experience range from relief when everything runs smoothly to frustration and, at the tail end, to exasperation when their train sits outside a station for 10 or 15 minutes without explanation.

London's commuters and businesses want and have been desperate for Crossrail. Importantly, it is not an upgrade, an extension to an existing system or a tweak to an existing line. It is new capacity, which we need, and a new influx of spaces for London, which continues to grow, and the economy of which continues to grow. Crossrail also provides the necessary proof that we are not prepared simply to rest on the laurels of our Victorian forefathers for another century.

Crossrail is not without its critics, who come in all shapes and sizes. They include community groups that will be directly affected and, perhaps more surprisingly, Network Rail and many other players in the rail industry. I shall say more about that shortly, but first I shall focus on four main subjects: responses to the Crossrail Bill environmental statement, the rail industry's fears about the impact on freight and passenger services, the impact on the Olympics, and Crossrail's funding.

The responses to the environmental statement may be the best indicator of what local communities will think of the Bill. A range of issues were raised and it is difficult to say which are the most important, but I shall list just a few: availability of the statement, alternative alignments for the central tunnel, alternative schemes, construction working hours, noise and pollution, location of spoils, spoil mountains, and locations of shafts and work site. One of the most significant issues, however, was whether the proposals complied with the relevant European Union directives. I know that the Government took on board concerns about the process by extending the time frame and making information more readily available, but I hope the Minister will confirm that he is satisfied that the statement complies with those directives in all respects.

Many responses questioned the availability of evidence that alternative alignments had been considered. That applied to alternative alignments through Spitalfields and Whitechapel. There was also concern about proposed sites such as the one at Hanbury street, which I know also concerns some Members, and about the disposal of spoil at Mile End. I am sure that many if not all Members have been lobbied about alternative schemes by organisations such as Superlink, and I shall say more about that as well. The environmental statement acknowledges the requirement for an outline of the main alternatives studied by the applicant or appellant, but many respondents assert that it has not been met.

The Bill has months, if not years, of work behind it. There is little evidence to suggest that Superlink has devoted the same effort, time and expenditure to its proposals: indeed, it is clear that it has not done so. It has, however, raised issues with which I hope the Minister will deal in a way that addresses my concerns and those felt, I suspect, by other Members. One of the main issues is funding. I appreciate that this is a hybrid Bill and that we are not here to discuss funding, but it must be a source of anxiety, given the scale of the project and the fact that so little is known about how it will be financed.

Mrs. Dunwoody: May I put to the hon. Gentleman the simple question that I put to the Conservative spokesman? Is he in favour of the whole of the scheme being underwritten by the state?

Tom Brake: I am happy to respond to that. The honest answer has to be no. A range of funding mechanisms are available to the Government. We know that discussions have taken place about increasing the business rate for businesses of a certain size for a restricted period. I had hoped that that would have been highlighted earlier when the Secretary of State opened the debate, but perhaps the Minister will comment when he replies.

The funding issues are made more significant as a result of our successful bid for the Olympic games. To a certain degree, if not a great degree, there may be some competition for accessing available funds. The Superlink proposal challenges the Crossrail proposal in respect of regional links and making better use of services, drawing in commuters from further afield.

Mike Gapes: The hon. Gentleman will be aware that the all-party group had discussions with Superlink earlier this week. I have to say that, personally, I was not at all convinced of the viability of its proposals. Questions are raised about the reliability of a system that is so dependent on existing operators and existing lines. Another problem is that Superlink has not actually published a route, so I do not know whether it proposes to tunnel under my high street or under my main station.

Tom Brake: I thank the hon. Gentleman for that helpful intervention. As I said a few moments ago, the Superlink proposal is much less developed than the Crossrail proposal, but it nevertheless raises some interesting questions, to which it would be appropriate for the Minister to respond.

Mr. Pickles: It is not a question of Superlink failing to develop its proposal. It has a route: it is simply not prepared to tell the public what that route is.

Tom Brake: If Superlink indeed has a secret plan, as the hon. Gentleman suggests, it would be entirely appropriate for it to be made a matter of public record. We must be able to see what the proposals amount to and what the proposed route is. It would be entirely honest to proceed in that way.

Peter Luff: I am going to rise to the defence of Superlink. It does not have the resources of the main Crossrail promoters. It is a David and Goliath situation and, on this occasion, David is right and Goliath is wrong. It is difficult for Superlink to improve its proposals with the resources that it has at its disposal.

Tom Brake: I thank the hon. Gentleman for his intervention. Clearly, we have to consider what is in the public domain, and we have a large body of evidence from Crossrail and a much smaller body of evidence from Superlink. The general feeling is, quite rightly, that we should proceed with the Crossrail scheme before us.

Other issues raised in response to the environmental statement were working hours and noise. I hope that the Minister will comment briefly on them, particularly if, as some respondents claim, the noise levels will seriously breach World Health Organisation limits. I believe that I have covered the main points that emerged from the environmental statement.

I want to move on to the helpful briefing from the industry, which many Members have received. It is worth highlighting the main organisations that contributed to it—freight operators, Network Rail, BAA and the Rail Freight Group. If I have any concern about the Crossrail Bill, it is that it has succeeded in uniting all those different groups in expressing such serious reservations about it. The briefing highlights the

[Tom Brake]

fact that more than 500,000 people travel on services provided by Great Western and Heathrow Express, while more than 200 freight trains use the rail corridors.

The industry's view, with which I am sure all Members agree, is that Crossrail should be integrated in, and operated as part of, the national network—the Secretary of State gave some reassurance on that point—and that it should be subject to the existing regulatory framework and managed by Network Rail within the existing operational structure. It believes that amendments will be required to recognise the rights of existing rail users, to ensure that there is sufficient capacity for existing and future rail users and to safeguard the independence of the Office of Rail Regulation. I hope that the Minister will be able to reassure us that no such amendments will be required, as the Government already intend those points to be covered by the development of the Bill.The industry has specific concerns about the Bill's impact. There will be a new-build project, similar to the channel tunnel rail link, and a major construction project around existing rail services. The Minister will not be surprised that the industry's solution involves Network Rail taking responsibility for changes to the existing infrastructure, although the new-build could be handled separately. There are great concerns about fragmentation, a theme that has run through many contributions, although to give him his due, the Secretary of State has partly addressed them. As the hon. Member for Rutland and Melton (Mr. Duncan) said, the industry has concerns about the operation of Crossrail and its integration with the existing network. I hope the Minister will be able to satisfy the House that those concerns are over-stated.

I have a few further points. A huge amount of work will be required for the Olympics. I understand that the Olympic team, the Crossrail team, Transport for London and the Mayor's office are all working closely together to ensure that there is proper integration and that the major works for Crossrail are not undertaken precisely when we need the transport network running smoothly in London. However, there is concern that the Crossrail Bill and the London Olympics Bill take different approaches to the Office of Rail Regulation.

Clause 22 of the Crossrail Bill states that the ORR has an "overriding duty" to facilitate the operation of Crossrail to a specific date, whereas the London Olympics Bill requires the ORR only to

"exercise the functions assigned or transferred to it . . . in a manner which will facilitate the provision, management and control of facilities for transport in connection with the London Olympics".

Those seem to be different priorities, so I hope the Minister will address that point.

The longest part of my speech should have dealt with how the scheme will be funded, but there is little to say on that significant point. We know that on 26 June Goldman Sachs and Lexicon—apparently, a corporate finance boutique, although I am not sure that we need a boutique to take charge of the matter—have been selected to advise the Government on the funding of Crossrail. An article on the subject states that the funding structure will be complicated,

"with the possibility of a special London business rate being levied to help finance it".

Angela Watkinson: The hon. Gentleman will be aware of the great concerns of small and medium enterprises about a possible levy of 1.5 or even 3 per cent. on business rates. Does he agree with their proposal that the levy should be proportionate to the likely benefit to them?

Tom Brake: That is an interesting point, although I am not sure how easy it would be to establish the benefits that businesses might or might not derive. We certainly need an indication of the level at which the levy will apply. How large will a business have to be before it has to contribute? Regrettably, little is said about funding.

The Bill is welcome and long overdue. It has the potential to transform an unexceptional public transport system in London into a world-beating one. However, there is consensus among Opposition parties and other partners that the measure will require detailed scrutiny and that its remit must be allowed to extend to issues such as integration. Taxpayers, especially London-based taxpayers, whether business or private, will be paying for the project for many years to come. London has already had one millennium dome inflicted on it; it cannot afford another. Nor can it afford a 15-mile stretch of tunnel that improves services for London's commuters at the expense of the rest of the country.

The Bill is embarking on what promises to be an epic parliamentary journey—a bit of a rollercoaster. We must ensure that it arrives at its destination improved and able to deliver a greatly enhanced transport system for Londoners and other commuters alike. If we do not do so, it could suffer the same fate as its predecessor 15 years ago and be stifled at birth.

5.56 pm

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I start by drawing attention to an interest that I have declared in the Register of Members' Interests, as deputy chairman of the Construction Industry Council.

I am pleased to support the Second Reading of the Bill, which is hugely important to the future of transport in London. Transport is widely recognised as London's Achilles heel. It regularly features as one of the downsides of life in what is otherwise recognised as one of the most vibrant and successful cities in the world.

The problem of poor transport in London reflects continuing failure over much of the second half of the last century to invest adequately in transport infrastructure. As the Secretary of State rightly reflected in his speech, there must be severe worries about London's future economic success if that inheritance of under-investment in transport is not made good. That is one of the key factors that we should bear in mind.

Where new investment in public transport has been made, notably the Jubilee line, it has proved resoundingly successful in opening up formerly depressed and disadvantaged parts of London and

easing congestion on existing transport links. Developments in areas such as Southwark, Canary Wharf, north Greenwich, Canning Town and Stratford have all been enormously helped by the new Jubilee line. Crossrail has similar potential to ease congestion in central London and to support new development and regeneration, not least in the Thames Gateway area, which will be served by two links from Liverpool Street, one north of the river to Shenfield, the other passing through docklands south of the river to Abbey Wood.

The scheme is not a new one. As we all know, it was first proposed in 1989, about 16 years ago, and progress has been painfully slow. Why is that? We all know that it is because of the cost. The scheme is highly expensive, depending on two new tunnels bored through central London—major engineering works that have been conventionally costed at about £10 billion, but as the Secretary of State commented, the likely out-turn figures may be between £15 billion and £16 billion. That inevitably poses important and difficult questions about how the costs should be met, and specifically what the balance should be in the contributions respectively of the fare-paying users of the service, the general taxpayer and the business interests that stand to gain, some very significantly, from the project.

The scope for substantial increases in values of property and of development sites adjoining and surrounding stations is increasingly understood. How best to recover a proportion of that planning gain is less well understood. In my view, it is essential for us to look carefully at this, in respect of Crossrail and other new rail and infrastructure developments, because I believe that this holds the key to making possible development that might otherwise not be regarded as economic.

What is not, in my view, sustainable is the defeatist notion that because of the scheme's high cost, further delay is inevitable or even desirable. We have already seen too long a delay in bringing forward the Crossrail scheme. Further cost-driven delay would be not just a mistake but counterproductive, as the ultimate costs of delivering an essential element for the resolution of London's transport problems would be even higher.

A similar mistake to which, unfortunately, the scheme has already been subject, is the false economy of eliminating necessary and desirable elements so as to reduce the cost. That has occurred with the Woolwich station, which was an integral part of the earlier proposals, but which has been deleted from the current scheme—albeit with the site of the station still safeguarded—purely for cost-saving reasons. If ever there was an illustration of the penny wise, pound foolish mentality, this is it.

Woolwich is a major transport hub for a significant area of south-east London and is the focus of ambitious regeneration plans. Badly hit by the recessions of the 1980s and early 1990s and the decline of the traditional heavy industry that was the source of Woolwich's prosperity in the 19th and 20th centuries, it is at last beginning to see revival, with successful regeneration of the former Woolwich arsenal site. That incipient recovery would be given a huge boost by a new station involving rapid transport links to central and west London. The regeneration benefits of a Crossrail station at Woolwich are enormous.

Not only would that opportunity be lost if the scheme progressed without a station at Woolwich, but there would be very serious transport disadvantages. There would be literally no stations over a six-mile section of the railway between Custom House and Abbey Wood. Furthermore, potential passengers from a wide swathe of south-east London would have no easy point of access to Crossrail. The only south-east London station would be Abbey Wood, which is not well placed to meet the needs of travellers from much of the Greenwich and Lewisham areas, and does not have the benefit of being a major transport hub, as is a Woolwich.

Supporters of Crossrail in south-east London to whom I have spoken in recent months are almost unanimous in recognising the very substantial transport and regeneration benefits of a Woolwich station. Most are astonished at the proposal that the trains should pass underneath Woolwich without stopping, when there is a very suitable location for a station already safeguarded.

Those of us who represent the London borough of Greenwich are sadly familiar with short-sighted thinking of that nature on previous infrastructure projects. The original Jubilee line proposal did not include a station at North Greenwich. Without it, the regeneration of the former British Gas site, derelict and heavily polluted, would never have taken place, with 12,500 new homes now being built on that site—a major contribution to the Thames Gateway—and the millennium dome. Whatever people feel about the millennium dome—I think particularly of the hon. Member for Carshalton and Wallington (Tom Brake), who made a predictably negative comment, probably not thinking about it—this project has had a huge impact on the regeneration of formerly derelict and abandoned industrial land, and the dome will provide a magnificent site for the gymnastics in the Olympic games in London in 2012. None of that would have happened if there had not been a station at North Greenwich. Fortunately, common sense prevailed. The North Greenwich station was built and it has been not just a catalyst for regeneration, but is proving to be a thriving transport hub.

A few years later we went through an eerily similar process with the docklands light railway extension to Greenwich and Lewisham. Believe it or not, one of the cost-cutting proposals before that scheme got the go-ahead was to eliminate the station at Cutty Sark, one of London's most popular tourist destinations. Once again, our community in Greenwich had to run a high-profile campaign to reverse that false economy. Fortunately, we won. Cutty Sark station is now one of the most heavily used on the DLR network and the very idea of DLR trains passing underneath that site but not stopping is self-evidently ludicrous.

I must question the sense of the Department for Transport in once again proposing to eliminate a very significant station in the borough of Greenwich as a cost-cutting measure. Conspiracy theorists—I am not one—might suspect a vendetta against our part of London. I prefer to attribute this to a cock-up rather than to a conspiracy. That is why I tabled an amendment instructing the Select Committee to have regard to the benefit of a station in Woolwich and its economic, transport and regeneration implications. I was surprised and a little disappointed to hear my right

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hon. Friend the Secretary of State express a rather negative view of that amendment. I can see no possible reason why the Select Committee should not consider the merits of a station at Woolwich and I do hope that when the Under-Secretary winds up he will make it clear that it is reasonable and proper for the Select Committee to consider this proposal as part of its consideration of the Bill.

I shall briefly raise two points before concluding. The issue of conflict with freight and other users of the railway has been raised by a number of hon. Members, not least the hon. Member for Rutland and Melton (Mr. Duncan). It is a very important issue and we have a specific concern about south-east London. A very large aggregates depot, which serves the Thames Gateway area and is likely to be a major source of aggregates for the Olympics and Crossrail as well as the Thames Gateway development, is sited in my constituency near the Angerstein junction. It includes a freight link for very large quantities of aggregate brought in from the midlands by aggregate industries. Representatives of those industries have written to me, rightly expressing concern that their business could be affected by the proposals. It is not just a question of potential conflict for access to the track; there are also implications if reduced access were to lead to increased track access charges, which could make the rail transport of aggregates non-economic, in which case there would be a very substantial transfer of aggregate from rail to road, with huge environmental implications. Those issues need to be looked at very carefully indeed.

Tom Brake: A rail freight statement published today says that the Government will work with the freight industry to understand its needs when setting the strategy for the rail network. Perhaps the right hon. Gentleman would like to ask the Minister to elaborate on how that is working in relation to Crossrail.

Mr. Raynsford: I suspect that the hon. Gentleman regretted not having asked that question in his speech and is now trying to get me to do his work. I have no doubt that my right hon. and hon. Friends will want to look very closely at the issues of access to the total railway, to ensure that there is the continued opportunity—the importance of which I have emphasised—of freight access to carry aggregates into one of the biggest development sites in the south of England, without that being frustrated by access problems to the track and an unwelcome transfer of aggregate from rail to road.

Finally, I shall say a few words about the timetable for the Crossrail works and the interface, in more senses than one, with the London Olympic games. Two major infrastructure projects on that scale will undoubtedly put pressure on the capacity of the construction industry. There are implications for prices, skills and general capacity issues. There are also conflicts relating to one or more sites where works would need to be undertaken for both Crossrail and the Olympics. Those difficulties will need to be carefully addressed, but I hope that my right hon. and hon. Friends on the Front Bench will not allow these challenges to be used as an excuse for further substantial delay in the Crossrail project.

In last week's issue of *New Civil Engineer*, the former chief executive of Cross London Rail Links Ltd., Norman Haste, is quoted as calling for a debate on whether construction of Crossrail should be delayed until after the Olympics. I put it to my right hon. and hon. Friends that while it is absolutely right that the implications for the timetabling of these two massively important schemes must be considered carefully and must be effectively co-ordinated, it would imply a serious loss of nerve and confidence if Crossrail, which has already been 16 years in gestation, were to be kicked into touch for a further seven.

I hope that my hon. Friend the Under-Secretary will be able to give the House some reassurance on those issues tonight, as well as the reassurance that I sought earlier on the Woolwich station. With those caveats, I am happy to support Second Reading.

6.9 pm

Mr. George Galloway (Bethnal Green and Bow) (Respect): Owing to my special relationship with the Labour Whips earlier in my parliamentary life, I served in quick succession on the Committees that considered the Dartford-Thurrock Crossing Bill and then the King's Cross Railways Bill, which was the longest running railway Bill since Isambard Kingdom Brunel. When I stepped off those great sets of parliamentary proceedings, it was my intention never to return to vast infrastructural projects again, but my detour to east London at the last general election places me slap bang in the middle—indeed, the epicentre—of the controversy that these proposals will cause, for my constituency is more seriously affected than any other.

The House is full of Members this evening who support Crossrail as the rope supports the hanging man. I want to say, quite bluntly, that I just want to hang it. I am against it and will vote against it this evening for reasons that I hope to make clear—reasons such as those adduced by the secretary of the Woodseer and Hanbury residents association in my constituency, who wrote:

> "Crossrail is a project that will never pay for itself. The 2002 estimate of £15 billion is likely to cost £20 billion by the time it is built, especially if it is delayed until after the Olympic games—the cost of 40 new hospitals or more than 400 new schools".

Of course, the cost could be very much greater than £20 billion.

Crossrail is a five-day commuter service that will primarily benefit the City, but cause unnecessary harm to London's communities from the east end to Mayfair. The country, particularly London, will subsidise a suburban railway for ever, and the residents and small businesses of my constituency will pay the greatest price for a service designed to connect Canary Wharf to Heathrow airport.

MPs are being asked to vote for the Bill even though the finances for the Crossrail scheme are not even being presented to Parliament. There can be no other country in the world that would seriously pass a Bill in its Parliament for a project that might cost £20 billion or more with the derisory amount of time that the Bill has been given by the Government this evening devoted to the issue of who will pay for it. I suspect that the public will end up underwriting a very considerable amount of the cost.

The hon. Member for Carshalton and Wallington (Tom Brake), who speaks for the Liberal Democrats, mentioned the millennium dome. In fact, this project might turn out to be 20, 25 or 30 millennium domes. Notwithstanding the enthusiasm of the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) for the millennium dome, which he says will be a wonderful gymnastics hall for a couple of weeks in a few years' time, it will end up, of course, as the most expensive publicly funded super-casino in world history.

If taxpayers pay for the railway for the next 30 years, sacrificing other projects, it should have the highest environmental and health impact standards and should not openly violate human rights. Crossrail has not properly considered the risk to human safety. It has failed to adopt the multi-modal approach originally demanded by the then Minister of State. That brings me to the point that I made in our preliminary debate, on which I hope that the Minister will now be able to advise the House.

At 12 o'clock today, there was still not tabled in the papers for these proceedings the very serious matter of a barrister's legal opinion that Members are being asked to vote for something that is illegal. I refer to the paper submitted by Bindman and Partners. I shall read from the letter that the WHRA sent to the Bill team:

"We have noted a serious omission in the tabled papers as part of the Government's responses. It does not include a letter from ... Bindmans ... You may be aware that the letter raises serious legal matters in relation to the Crossrail Bill ... Please could you provide reasons for the omission of the letter from tabled papers as this prevents MPs from considering serious issues about procedure and compliance with the EIA and human rights obligations."

I am ready to allow the Minister to intervene now if he is able, as he promised, to indicate why those papers are not among those tabled for these proceedings today. I see that he intends to remain sedentary—so perhaps later we will be informed of why that information, which goes right to the heart of the judicial review that will inevitably occur, is not before Members today, even though it should be.

I am conscious of the fact that many Members want to speak, but if time permitted me, I would demonstrate in detail that there is no doubt that Crossrail has not produced systematic comparisons of alternatives, which it is obliged by law to do. It is legally required to consider alternatives, to supply information requested by the public and to allow them an opportunity to comment to ensure compliance with the environmental impact assessment directive and human rights provisions.

Crossrail appears not to have considered any alternative route alignments between Liverpool Street and Canary Wharf. Crossrail has not considered any option without Whitechapel station. The hon. Member for North Southwark and Bermondsey (Simon Hughes) misstated the position among my electorate. For the avoidance of doubt, let me make it clear that we do not want a station at Whitechapel. In so far as there will be a station at Whitechapel, it will cost about £200 million, forcing cost-cutting measures elsewhere in the project, which will impact on the placing of the tunnelling and other engineering work that is required.

Let me volunteer something to the Minister: he should drop the Whitechapel station from the proposals. We do not need the Whitechapel station. Whitechapel has a perfectly adequate underground station at the moment. Moreover, it will be substantially overhauled by London Underground by 2009—an overhaul that would almost certainly be delayed if the Bill is passed and if a Crossrail station is built at Whitechapel.

A Whitechapel station will be a disbenefit to us, not only for the reason that I have stated, but for another reason, which is a source of great anger on this subject in my constituency. A vast number of people commute into the Tower Hamlets to work and then commute out again. There are huge areas adjacent to Tower Hamlets where local people cannot get a job. There are great citadels of wealth in Canary Wharf and the City of London, with hardly a local person working in them. In the City of London, where tens of thousands of people work, there are only 88 Bangladeshis working in white collar jobs. Less than 10 per cent. of the people who work in Canary Wharf come from Tower Hamlets, and no one is able to give us a demographic breakdown of that 10 per cent. We already have a problem with local people not being able to get jobs in the area, and a Crossrail station at Whitechapel will merely make that problem worse.

We understand from evidence that the six sites in Spitalfields were considered without environmental data and without proper consultation, contrary to article 1.5 of the EIA directive. Crossrail has failed to justify interference with the property rights of residents or shown any proper consideration of alternative alignments, contrary to human rights provisions. As the benchmark route and the location of work sites in Spitalfields is likely to cause significant harm, we ask the Minister—this was asked of him on 27 June in questions that were handed to him, and I hope that he will answer some of them soon—how will Crossrail remedy that error? Why were alternatives, such as tunnelling from both ends, not produced until after the deposit of the Bill and the production of the environmental statement?

I say from my great experience, to which I referred earlier, that there is no engineering reason why the tunnel cannot be dug from both ends. The only reason is financial, because Crossrail wants to save the money that it would cost to dig from both ends. In that case, I demand a cost-benefit analysis, because that what Crossrail will save by digging from only one end will be paid for overwhelmingly by my constituents through damage to their businesses, their property rights, their environment, their health, and in many other ways. The possibility of tunnelling from the ends instead of going through Spitalfields was produced after the environmental statement and after it was demanded by residents, who are not engineers. We want to know why alternatives were not considered and compared before the benchmark alignments were chosen, because those alignments will undoubtedly form the basis for any subsequent discussion and will be difficult to move.

There are many other questions on the list of, I think, 20 that were given to the Minister, but I do not have time to adduce them all this evening. I hope that he will seriously consider them, however, because my overarching point is that Crossrail will absolutely devastate my constituency. It will have three major

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tunnelling sites, yet it is the only part of the whole route said that will be affected in that way. The reasons behind that are financially driven—they are not driven by any other consideration.

For those who are not familiar with Spitalfields Banglatown, which is the area that we are talking about, it has one of the densest populations in the capital. They are overwhelmingly poor people, a substantial proportion of whom are from the ethnic minorities and so will be disproportionately affected by the proposals. Some 60 per cent. of the population of Spitalfields Banglatown are of Bangladeshi origin. A growing and visible Somali minority lives in the area and there is a small indigenous white community. There is also a new group of young, upwardly mobile professionals in the area, who moved there precisely because it was the area that it was, but for six or seven long years it will be a ground zero.

I hope that I can convey to hon. Members the impact that Crossrail will have. It will be like a major bombing raid on the east end. There will be three major tunnelling sites and a 2 m wide conveyor belt will operate 24 hours a day, seven days a week, for six years to carry spoil from the digging of those sites. It will go past people's houses—inches from their windows in some cases, and feet away in others. Ten-tonne lorries will come and go through this small, densely populated, poor, disadvantaged and multiply deprived area at the rate of one every five minutes, with consequent dangers for children at local schools and the health of local people—and male life expectancy in that part of London is already 6 per cent. less than that throughout London as a whole. Higher than average incidences of asthma, diabetes, blood pressure and other health problems are already present in this multiply deprived community, yet we are going to make a ground zero right in the middle of it that will devastate the community for years—day and night, 24 hours a day, seven days a week.

I will tell you my suspicion, Mr. Deputy Speaker, as someone who has been the Member of Parliament for the constituency for only a few weeks. I suspect that the Government are doing this to our community because they would not dare do it to another community. They are doing to the east end what they would not dare do to the west end because they would not get away with it in the west end. The political representatives in the west end would raise such a hue and cry that it would be politically impossible to do such a thing. The highly educated and articulate people who know the way to lobby on such things would ensure that such action would not be taken.

Our area was chosen because it was, politically speaking, a pushover. Until we dragged the local council into the fray with our political campaign, it was fully in favour of the Crossrail scheme. Until we dragged the then Member of Parliament into the fray due to our pressure, she was fully in favour of Crossrail. When they did enter the fray, they did so half-heartedly. Indeed, Tower Hamlets council is the origin of the reason for the station at Whitechapel, which, as I have already stated, we do not want because it will be a disbenefit to us, add to the cost and force certain engineering decisions upon us that will be disadvantageous. The council and the former Member of Parliament were not ready to stand up for local residents, which was why the Government chose this area, of all the areas, to be subjected to the demolition—the ground zero—that they intend to visit, if they get away with it, on the multiply deprived people of my constituency.

I do not want to leave the issue of the racial character of the community because it is important. Banglatown is a national treasure. It is an international tourist destination. In looking from around the world at London as a tourist destination, one of the things that people look at is Banglatown. I know very well, because I live just off Brick lane, that people come from all over the world, all over London and all over Britain to see the community, its restaurants, shops and mosques, and all the other things that make Banglatown the national and international treasure that it is.

The Minister is a fair-minded man, so I hope that he will accept my invitation to come and meet the communities. Today, I met residents associations, the Brick lane business association, the ethnic minority enterprise project, the Banglatown restaurant association, the Bangladesh welfare association and the Chicksand residents association. Chicksand is one of the poorest estates in Britain, in an area in which some of the poorest people in Britain live, yet it will be at the epicentre of the epicentre. People will not be able to move on the Chicksand estate for 10-tonne trucks—with their spoil flying in the wind, no doubt—for six long years, day and night, seven days a week.

Well, things have changed. There is now a new political power in the area that is represented by my election victory. I tell the House that we intend to make this matter a major election issue in the run-up to the local council elections next May. We hope—we intend—to be the administration in Tower Hamlets council just 10 months from now. If we are, Tower Hamlets council will no longer be a pushover.

I promise the Minister that if we win control of Tower Hamlets council, it will use every means at its disposal, and all its resources, to try to stop such devastation being visited on local people, so he should factor that into his consideration. He should also factor into his consideration the fact that he is no longer dealing with a Member of Parliament who is a pushover. Many groups are already preparing for peaceful, non-violent, civil disobedience to try to throw a spanner in the works, so all told, it would be better to give us a wide berth. We do not want the station. Give us a wide berth and go around us. Go along the river or go somewhere else. We do not want Crossrail. We are prepared to fight it and we will make it a very politically costly matter for the Government if they proceed along the route that they currently intend to follow.

6.28 pm

John McDonnell (Hayes and Harlington) (Lab): May I reinforce the view of my hon. Friend the Member for Bethnal Green and Bow (Mr. Galloway) that it would be useful—in fact, invaluable—to have the Bindmans papers before us? It is the duty of the House to have them circulated this evening.

I support the Bill because I take the view that the London transport system is in urgent need of expansion. I speak as chair of the National Union of Rail, Maritime and Transport Workers parliamentary group and I shall also talk about constituency matters.

Last year, almost 1 billion journeys were made on the London underground and, in the 10 years since 1994–95, there has been a 40 per cent. increase in mainline rail travel between London and the south-east and a 22 per cent. increase in mainline rail journeys in London itself. Our population as a city is predicted to grow by 700,000 by 2016, which will increase the demands on our rail infrastructure. During the gestation of Crossrail from the first Bill to this, my constituency has seen the development of Heathrow airport, with a fourth and now a fifth terminal. As a result of lack of investment in public transport, journeys by car, lorry and other vehicles to that airport are making my constituency the most air polluted in the country.

Concerns about the timing of the construction of Crossrail have been mentioned. It is disappointing that we cannot plan major projects such as the London Olympics and Crossrail to coincide. However, I wholeheartedly welcome some parts of the Bill. Clause 34, for example, disapplies the prohibition in section 25 of the Railways Act 1993 on public sector operators providing passenger services. That is a major commitment to public service operation. One might even describe it as an advance for democratic socialism, but I do not want to go too far.

There are a number of concerns about the Bill, such as network control. When we debated the Railways Bill earlier this year, we identified unnecessary fragmentation and lack of clear lines of accountability and control as the worst features of the privatisation of rail. The Railways Act 2005 therefore gave Network Rail additional responsibilities for railway infrastructure. That was reinforced in the Warwick agreement between the Labour party and the trade unions, which clearly stated that Network Rail was to oversee all rail engineering work. I would welcome ministerial confirmation that Network Rail will have responsibility for the oversight of maintenance and renewals on Crossrail.

Concern has been expressed about freight and it is important that we ensure that Crossrail will bring environmental benefits. We are therefore looking for assurances that freight currently moved by rail on the great eastern and great western main lines is not put in jeopardy. Crossrail could temporarily cut off a number of freight terminals on both those lines and lead to the closure of the rail-connected concrete plant in Royal Oak. It would be useful to have a ministerial assurance that freight currently moved by rail will not lose out because of the Crossrail project.

Mention has been made of the costs of the project. I agree with my hon. Friend the Member for Bethnal Green and Bow that, given that the legislation will make such a hefty requirement of the public sector should costs fall on it, it is extraordinary that the Bill does not identify where funding will come from. I suggest that the rail proposal will significantly benefit London's business community and that the project therefore provides the Government with an excellent opportunity to explore some innovative ways of meeting the Crossrail costs from the private sector. The very principle that those who benefit should contribute to the cost of the scheme should be in the legislation.

Asking businesses to pay their fair share towards transport projects is already the norm in countries from France to the United States of America. Research published in June 2004 on behalf of the passenger transport executive showed, for example, that the city of Lyons can raise more than £100 million a year from a dedicated payroll tax that can be levied on all firms, both public and private, at up to 1.75 per cent. of the company payroll. Lyons has a population of about 1.4 million; by comparison, London's population is in excess of 7 million. A payroll tax levied at, say, 1.63 per cent. would raise more than £500 million a year. Over five years that would amount to £2.5 billion towards the cost of the Crossrail project in the capital.

As the railway will greatly assist the airport, I suggest that we look to BAA for a contribution. At its annual general meeting on Friday, BAA announced profits of more than £500 million. Surely it can pay something towards a project of major benefit to the airport. In Paris, there is also a levy on employers and half the revenue raised from traffic and parking fines goes to transport investment. The RMT-commissioned "Funding London Underground" report last year looked at the state and the city of New York, which fund grants and subsidies accounting for 46 per cent. of the metropolitan transportation authority funding. A large proportion of subsidy comes from hypothecated taxation, which in principle at least is targeted at non-fare paying beneficiaries of the scheme in the private sector.

Mention has been made by my hon. Friends of the increase in land values. Now is the ideal time to explore the concept of land value taxation on those who will benefit directly from the development of Crossrail. Experience of the Jubilee line demonstrates just how land values and property prices can soar in an area and provide an adequate source of financing.

In London, we have long complained about lack of investment in the manufacturing of rolling stock. In the past few years, there have been significant job losses in the rail manufacturing and maintenance sector at sites including Birmingham Washwood Heath, Eastleigh and Derby, as well as in the capital. It is regrettable that the new high-speed trains for the proposed integrated Kent franchise will be built in Japan and not in Britain. Crossrail gives us the opportunity to kick-start a recovery in the manufacturing of railway stock in the UK as a railway workshop. I therefore encourage the Government to bring all their influence to bear to ensure that new rolling stock for Crossrail is manufactured and maintained in Britain.

Having objected to the original Crossrail scheme, largely because of the implications of the development of the Heathrow express for my constituents, I should say that such objections no longer exist in my constituency, except in companies that want some certainty about the development of the project. Companies and homes have been blighted for a long time as a result of the proposals. We desperately need a decision in principle and on the time scale. We want clarification of precisely which areas of land will be affected and for what period. That will allow companies such as Leemark Engineering and H. G. Timber in Hayes and Lafarge Aggregates to plan in the short term for the length of their operation on their present site and, if necessary, in the long term, for relocation.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): My hon. Friend rightly talks of the need for a decision in principle because uncertainty is a problem, but does he agree that, before that can be taken, people who might support the Bill need to know about the ongoing revenue consequences of the capital programme? Until that is known, how can we expect people to support the programme with hard cash?

John McDonnell: That is a good point—the issue needs to be addressed in the ongoing debate. The benefits to a number of constituencies, to the environment and to the economy of London and the south-east and of the country as a whole, warrant some public sector commitment to the ongoing revenue funding, and that should come from public taxation. I accept that there might be growth in the subsidy that will be required, but that burden can be borne by business and through public taxation in the long term. That is why I urge the Government to look now at both the capital and revenue costs and establish a system such as those across Europe and the United States that enable projects to be adequately funded from hypothecated taxation.

The issue of certainty leads me to that of compensation. There is reference in the Bill to the usual compensation for compulsory purchase. I hope that we have a debate on the Floor of the House about the compensation that will be awarded to people for protection of their homes following any environmental impact and for any relocation. I am concerned that the levels that were discussed when the issue was first considered 15 years ago will not be adequate to meet the demands of relocation, or even the costs of short-term operation, as affected by transportation issues and other environmental impacts of the construction of the rail.

Overall, I welcome the Bill and look forward to the opportunity for my constituents and me to make representations to the Committee. I hope that the Government will address the significant issue of funding that I have raised and that we can achieve a consensus across London, even if we do have to bypass Bethnal Green and Bow—and I would fully understand why.

6.40 pm

Mrs. Theresa May (Maidenhead) (Con): I have long been a supporter of Crossrail. Indeed, I believe that Crossrail is a very good idea. However, the handling of the Bill so far suggests that Crossrail is a very good idea that is going badly wrong, in several ways. First, it is going wrong in relation to the impact on services on the main rail network; secondly, it is going wrong in relation to the interaction of Crossrail with the main rail network; and, thirdly, it is going wrong in relation to the impact that it will have on the principle of independent economic regulation, because of the powers that the Bill will give to the Secretary of State to give priority to Crossrail over and above the judgment made by the Office of Rail Regulation.

I have a particular interest in the Bill because, as several hon. Members have mentioned, the proposed western terminus for Crossrail is Maidenhead, the main town in my constituency. My constituents will be affected—both those who live in Maidenhead, by the works, and those who commute from Maidenhead. Other parts of my constituency will also be affected.

I was comforted by the Secretary of State's remark that it would be open to the Committee that will be set up to look at any issues raised by petitioners against the Bill and that the instruction to be given by the House will merely be guidance to the Committee about the areas that it can cover. However, I am concerned to learn that the legal advice is that the instruction is just that and that it will not be possible for the Committee to consider matters not in the instruction—specifically, the termini.

Mr. John Hayes (South Holland and The Deepings) (Con): As I understand it, the legal opinion is that the Committee can look at matters that are within its terms of reference, which encompass the Bill and the instruction. In those circumstances, it is hard to see how the Committee will be able to consider the issues of Reading, the Olympics or the wider implications for the rail network, both freight and passenger, that that the Crossrail project may have.

Mrs. May: My hon. Friend is right. Several of us were comforted by the comments made by the Secretary of State earlier, but if the Committee will not be able to consider the location of the termini—and whether the line should be extended to Reading—it will make a mockery of the Secretary of State's remarks this afternoon and of the Government's intention to consider whether to safeguard the line through to Reading. I hope that the Minister will be able to clarify the position when he winds up.

Peter Luff: It may assist my right hon. Friend and the House if I say that I have sought advice on that point. The clear advice that I have received is that the instruction is precisely that—an instruction—and it would not be possible for the Chairman of the Committee to go beyond Maidenhead in consideration of the Bill. That is the advice at present, and that is why I would like a debate on the instruction, but we are denied that. It is important that the Minister give a definitive undertaking on that point when he winds up, because otherwise I will be obliged to vote against the instruction.

Mrs. May: My hon. Friend makes a valid point. I hope that the Minister will give a definitive view on that issue, but I also hope that he will go further. If the legal advice that my hon. Friend mentions is indeed correct, and the Committee will not be able to go beyond the specific instruction from the House, I hope that the Minister will tell us how representations can properly be made in the debate on the Bill on the possibility of extending the line to Reading.

The Crossrail line could be of enormous benefit to my constituents, but the services proposed would unfortunately ensure that they would receive a worse train service than they currently receive. The extension of the line to Reading could provide benefits, not only for my constituents using the Maidenhead and Twyford stations and the two branch lines to Henley and to Marlow and Bourne End, but for the constituents of my hon. Friend the Member for Reading, East (Mr. Wilson) and the hon. Member for Reading, West (Martin Salter). The hon. Gentleman earlier made an unkind reference to Maidenhead when he said that rail

passengers could not connect to anywhere from the town. It is true that there are not many places to connect to from Maidenhead, but one can connect to Cookham, Furze Platt, Marlow and Bourne End—[HON. MEMBERS: "Hear, hear."] I am grateful to my hon. Friends for their support for those wonderful places.

The branch line will be affected by the services, but the main line network will be particularly affected, because after Crossrail, Maidenhead station will receive only four services in peak hours. Far from having fast and semi-fast services direct to Paddington or stopping only at Slough, the services will in future stop at 10, 11 or 12 stations before Paddington. I have recently had a significant debate with First Great Western—indeed, I raised the matter in an Adjournment debate—about the fact that its December timetable last year extended the length of the journey from Maidenhead to Paddington from 20 or 21 minutes to 25 or 26 minutes. The Crossrail proposals would see that time double to 40 minutes or longer. The benefit of Crossrail to my constituents would be if one could take a fast or semi-fast service from Maidenhead to Paddington and then access the west end or the City without changing. If the journey to Paddington is on a stopping service, the benefit will be lost.

I have described the impact on passengers from Maidenhead, but those who access Twyford station, either directly or by the branch line from Henley through Wargrave, will face an even worse problem. They currently enjoy up to seven services an hour in peak times, but that would be reduced to two services an hour under the Crossrail proposals. I noted that the Secretary of State said that Crossrail would bring benefits to the south-east. He also said that it would be wholly beneficial to suburban lines, but I have news for him. For Maidenhead and Twyford suburban lines, it will not be wholly beneficial.

The Secretary of State also said that one need not worry about services to the west of London, because those went on the main line and Crossrail would go on the relief lines. The whole debate about the December timetable from my constituency has revealed that all the stopping services and the suburban services have been moved from the main line to the relief lines, and they will have to share those lines with Crossrail. It simply will not be possible for the services to be improved from what they are today. In fact, the services will deteriorate. I am therefore surprised by the categoric statements that the Secretary of State made earlier about the benefits of the proposal for everybody in the south-east. Taking the line to Reading would have significant benefits for my constituents, because those travelling from Twyford would be able to use the service, provided that the services to Paddington were fast or semi-fast.

The biggest physical effect on my constituency would arise from electrification of the line, which would lead to gantries being built on Brunel's bridge at Maidenhead. That bridge remains the longest brick arch bridge in the world and it is part of our national railway heritage. The view across Brunel's bridge would be changed by the erection of electrification gantries. I have raised with Crossrail and Network Rail the possibility of a third rail system, but that is apparently out of the question because it would be far too expensive and the systems could not be mixed and matched along the line. However, I urge the Government to ensure that the debate about electrification includes consideration of innovative ways to ensure that the impact on Brunel's bridge is as light as possible. We recognise that there will be some impact, but Crossrail, sadly, has shown no desire to try to ensure that it reduces that impact as far as possible. That is an issue to which I shall return during consideration of the Bill.

The Bill gives the railway the possibility of taking over Guards Club park. That means that lorries will be taken through a residential part of Maidenhead into a park that is used by families, including children. It is a major benefit to Maidenhead. Sadly, Crossrail has refused to consider innovative ways of accessing the work site at Brunel's bridge. For goodness' sake, it is over a river, and the park is next to a river. It would be possible to use the river to provide some access for the heavy materials that need to be moved in, and not bring them in by road through the park. I hope that that will be able to reduce the use of the park.

There are two further points that concern me. The first point is whether Crossrail is part of the main rail network. My constituents have no desire to be part of the Mayor of London's transport scheme. The idea that Transport for London could take responsibility for the line through to its terminus at Maidenhead fills me and, I believe, most of my constituents with horror. I trust that the Minister will be able to give us a definitive statement that the project will be part of the main rail network and that it will not be handed over wholly to the Mayor of London, for him to increase his orbit and ambit through the west of London on to Maidenhead.

Central to whether the project is part of the main rail network is the question of independent economic regulation. I challenged the Secretary of State on that question. The Bill gives the Secretary of State the power to give Crossrail priority over other rail services. At present, the situation is clear: there is a balance of priorities that is struck by an independent economic regulator, which is the Office of Rail Regulation. I have a tinge of sadness that we have moved away from the previous rail regulator, Mr. Tom Winsor, who was known for his trenchant comments to the Government about what was happening on the railways, to the Office of Rail Regulation, which I fear that few people have heard of since it took over from Mr. Winsor.

In January 2004, in a statement on the future of the railways, the Secretary of State said:

"the principle of independent economic regulation for the railways is essential and will be central to our proposals."—*[Official Report, 19 January 2004; Vol. 416, c.1078.]*

Those were proposals for the future of the rail network. Sadly, the Bill is entirely contrary to that statement. The Bill will take Crossrail away from the Office of Rail Regulation and enables priority to be established outside of that regulator. That has implications not only for Crossrail and the railways but for independent economic regulation throughout the raft of industries and utilities in this country. I urge the Government to think again on that aspect of the Bill.

Crossrail could be of enormous benefit to my constituents, but what is proposed in the hybrid Bill that is before us is not of benefit to them. I trust that, over the next year or more, we will be able to ensure that the Crossrail that is built is one that reflects a good idea and is of benefit to the south-east, and not the proposal that, sadly, is going badly wrong today.

6.53 pm

Jon Cruddas (Dagenham) (Lab): I echo the support for the Bill offered by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), who spoke about economic development in the east of London. A durable Thames Gateway requires integrated transport links that offer access to town centres and job generation sites. Crossrail is to be welcomed as it will develop a rail spine for the London Thames Gateway, providing fast-track links between London's three central grid districts of Canary wharf, the City and the west end. Crossrail is needed to help manage the huge population movements into and within the boundaries of the capital. I shall focus primarily on that important element in my contribution. However, concerns about the present route and its impact on local communities deserve to be discussed and the very nature of the hybrid Bill will allow those detailed concerns to be considered. It is to be hoped that compromises can be found to accommodate affected residents, including those whom I represent.

Let us consider Crossrail in terms of population movements into London. London's population stands at about 7.3 million, just short of the combined population of Rome, Paris, Vienna and Brussels. As far as I can ascertain, it is the only major European capital that is growing. The Mayor of London's plan estimates a further population growth of about 800,000 by 2016. That is about an extra 17,000 people net per year. London is seen increasingly as a world city, with about 50 separate national and ethnic communities scattered across it and about 300 languages spoken.

According to figures provided by the Office for National Statistics for the period 1992–2003, annual inflows of international migrants into the capital more than doubled from under 100,000 to about 200,000. At the same time we can assume that many of the recently estimated stock of illegal workers are resident in the capital. We do not know whether the latest survey estimate of about 570,000 such individuals includes independants. We can assume that London retains a disproportionate number of those currently within the asylum application process—for example, a high proportion of the 280,000 individual failed asylum seekers, as estimated by the ONS. These figures do not appear to include dependants. In short, the dynamic at work in terms of population flows into the capital is extraordinary, but it remains unquantifiable in terms of the real levels of immigration and economic activity. It can be said, however, that the figure of 7.3 million is likely to be a severe underestimate.

Against that backdrop we can consider population movements within London. The extraordinary movement of people into the city requires a suitable public policy response in respect of public services and resource distribution. Yet we must assume that the baseline for public policy making severely understates the number of people living in the city. Rapid immigration has occurred alongside dramatic inflation in property prices, which has pushed immigrant groups, both legal and illegal, into the poorest parts of the capital and those areas with the lowest-cost housing.

My constituency sits at the centre of the Thames Gateway. It covers much of the London riverside area—that is part of the gateway—and has a massive amount of brownfield land. It has the lowest-cost housing market in Greater London. There is a growing private housing market through the consequential effects of the right-to-buy policy. Across the London riverside area, and excluding Barking town centre, we anticipate building about 20,000 new homes over the next 10 to 15 years. Population growth estimates range up to about a 60,000 population increase in the small borough over the next 10 years.

Before that development, the population was already increasing dramatically through the dynamic internal population movement within the capital. The trend decline in the borough's population has dramatically reversed over the past few years. There are some estimates that the population has increased by anything up to 20,000 since 2001. This in turn is likely to lead to an underestimate of population movements locally in terms of both illegal migrants and those within the asylum system. Those facts are useful in terms of considering some of the macro-economic London-wide considerations in the Crossrail debate.

The only way in which we can manage population movements into the capital is to seek to rebalance the city and open up the east side. The economic centre of gravity must move to the east as we, in effect, tilt the capital. That is why the Thames Gateway debate is so important. The interest in it has been reinforced over the past couple of years by the strategy of national Government who have established the Thames Gateway as a national priority, with its own dedicated Cabinet Sub-Committee, MISC 22. That policy is obviously conditioned by the housing crisis in the south-east.

Mr. Mark Field: How does the hon. Gentleman believe that there will be a shift in the planned development in the Thames Gateway, which I think that we all support, much as it means the centre of gravity, as he rightly said, of London going eastwards? How does he feel that that will be affected by our winning the Olympic bid and the obvious focus of regeneration over the next seven years, specifically in the Lea valley?

Jon Cruddas: I was about to touch on that.

It seems that Crossrail is an illustrative example of the infrastructural investment that is needed to the east side of the city to handle dramatic population movements into and within the city. It is needed also as a lever for other transport infrastructural links into the central spine that is thereby created.

Business development and relocation, as well as the decanting of the population will result from the Olympic bid. I am part of the London riverside action group, which anticipates a great deal of business relocation as a result of the development of the Olympic site. All roads lead back to the transmission belt or the transport infrastructural network that is being developed across the east side of the city, the spine of which remains Crossrail. Because of population movements and the needs of the east side of town I was always in favour of Crossrail going through the royal docks, Barking, Dagenham and Rainham, rather than along the Shenfield line. That proposal disappeared a few years ago, but it is part of the joined-up strategy that we all seek.

Returning to the dynamic of the housing market, growth is constrained across the economy because of the lower interest rate which, however, may ignite south-

east house price inflation. As a result, a priority for the Government's macro-economic strategy is surely house building in the south-east. That would allow for medium-term economic growth, everything else being equal, accompanied by a lower rate of interest. Similarly our prospective entry into the euro, if anyone is still interested in that, is conditioned by applying the brake on the housing market in the south-east. If we are seeking both macro-economic inhibitors on growth and the management of the population growth in the capital, all roads lead eastwards. Nationally and in the offices of the Mayor of London, Crossrail is seen as the key infrastructural project needed to support macro-economic strategy and managed population growth. It will help to rebalance growth by supporting house building and simultaneously offer London a route map to manage its population within the capital's borders.

For the Government and the Mayor the case for Crossrail rests on technical macro-economics and pan-London population issues. I look at the issue very differently, however, and regard Crossrail as offering a local case for infrastructure. The city's dynamics far exceed the ability of public policy and national Government to keep track of it, let alone get ahead. London is growing dramatically, and the official, lagged statistics do not even begin to tell the real story. The state tends to operate within static models of resource distribution on the basis of outmoded population statistics. Those formal statistics do not begin to quantify the real patterns of immigration, on which we tacitly rely to underpin the growth of public services and the private service sector in the capital. Immigration also builds the labour market flexibility so desired by the business community, as reflected in recent comments by the Governor of the Bank of England. Yet we hide away from the debate about immigration and its macro-economic consequences.

The development of the Thames Gateway often appears to be a technical abstract debate conducted by the regeneration professionals, but in reality it is occurring in communities like mine as we speak. It is not some future blueprint for 2015 but a method for understanding the day-to-day momentum of the capital. Because the state is ill-equipped to deal with that dynamic as a result of lagged decision making and an underestimate of the population, huge tensions have developed. In my own constituency, for example, the local community is experiencing rapid transformation. It is growing and changing rapidly to help accommodate movements into and within the city. That change is taking place against the backdrop of a long-term legacy of underinvestment in public services and infrastructure together with patterns of enduring poverty. Fundamental tensions result from those legacies, contemporary changes and the sustainability of future developments under the banner of the Thames Gateway.

James Brokenshire (Hornchurch) (Con): The proposed route of Crossrail runs north of the Thames Gateway. Given the need to assist with regeneration, does the hon. Gentleman agree that an earlier proposal for the route to run south of the area would help solve the transit issues that affect his constituency and my adjoining constituency?

Jon Cruddas: I agree, as I said earlier.

The tensions in my community are manifest in the form of the far right and British National party activity. There have been five council by-elections in the past year, and the BNP have averaged 33 per cent. of the vote. Its members seek to pull the community apart, playing on its limited resources, great need and the rapid change that will continue in future. That is the context in which I view the debate on Crossrail. It is a test case for the Government's aim to build genuinely sustainable communities. That is why I preferred the original plan to build Crossrail along the north shore of the Thames Gateway through Barking, Dagenham and Rainham before looping round to the south of the Thames. That proposal has been lost, but if we are seeking to manage the huge population movements across the city within the capital's borders, the Shenfield line is not logical.

Mr. Pickles: I agree with the hon. Gentleman.

Jon Cruddas: I am not sure why that proposal was abandoned. If our aim is achieve spatial economic policy making and an accompanying transport infrastructure, it would be interesting to know why that route was dropped in the debates that preceded today's decision.

In my locality, we do not have a sustainable agenda because population movements far exceed resource distribution year on year against the backdrop of a difficult economic and social legacy. The debate about regeneration in the Thames Gateway needs to be presented anew, and with greater urgency. Over the past few years we have become preoccupied with debates about institutions, including the setting up of an urban development corporation and the role of the London Development Agency, the sub-regional regeneration partnerships and the boroughs, at the expense of the project's vision. We have become preoccupied with housing units as a result of the state's macro-economic concerns. Locally, that has contaminated the regeneration debate, especially as it has arisen alongside growing distributional tensions about resources as the community undergoes dramatic change.

Three developments in the past two weeks may signal a change of direction in the development of east London. First, the successful Olympic bid will become a vehicle for driving resources into the east of the city. Secondly, the recent terrorist atrocities have allowed us to reconsider the vibrant and global nature of the city in which we live, its engine being immigration. Thirdly, the debate about Crossrail demonstrates what is needed, not for some future community, but for our dynamic city today. I hope that the cumulative effect of those three developments will initiate a new debate about economic development in east London that allows us to go back to the first principles of the vision that we are trying to achieve.

Moving from the abstract to the specific, I shall focus on the concerns of my local community. It goes without saying that investments of this scale throw up genuine local concerns. A previous hybrid Bill, for example, led to concerns about the channel tunnel rail link, which goes underground in my constituency as it heads into the centre of town. The Crossrail Action Group has voiced many legitimate arguments about the location of the proposed depot in Romford. Although the depot is outside Dagenham, residents who live in Salcombe,

[Jon Cruddas]

Coombewood and Saville roads in my constituency have genuine concerns, especially about the increase in heavy goods vehicles using the local highways. Serious problems relate to road safety, and I am concerned that a deal may have been agreed between Havering council and Crossrail to amend the preferred route for HGV vehicles entering and leaving the proposed construction site at Westlands playing fields. That outcome is unacceptable to my local council and to me, as it would clearly increase the danger posed by traffic to schoolchildren travelling to and from Warren comprehensive school, of which I am a governor, as well as Warren junior and Furze infant schools. We must address such issues as the Bill proceeds, for example when the codes on construction practice are agreed and when the location of the depot in Romford is decided.

Andrew Rosindell: Is the hon. Gentleman aware that the full council of the London borough of Havering passed a resolution only two weeks ago strongly opposing all the Crossrail proposals, including one on that issue?

Jon Cruddas: I am aware of that. The borough of Barking and Dagenham supports the development of Crossrail, although it is concerned about some of the local implications of the re-routing of the HGV traffic that I mentioned away from some of the roads in the Romford area into Whalebone Lane North and the junction with the A12 in my constituency. We will have to work through those issues. Indeed, the Secretary of State gave responses that will ensure that we can work them through. I hope that accommodations and concessions can be made in the interests of all our constituents.

Overall, Crossrail is vital to the UK and to London, and to the communities of east London. It is a key building block for managing the growth of the city and providing the infrastructure for effective strategic London planning over the next decades. I therefore strongly support the Bill and appreciate the opportunity to make a contribution to the debate.

7.10 pm

Peter Luff (Mid-Worcestershire) (Con): I am grateful for the opportunity to contribute to the debate, and particularly grateful to my right hon. Friend the Member for Maidenhead (Mrs. May) for bringing Isambard Kingdom Brunel into our considerations. My reading of schedule 8 suggests that technically the bridge that he built, which was such a triumph, and the bridge that was subsequently built to exactly the same design when the line was widened could be demolished, although I do not believe that the Secretary of State would condone such an act of vandalism.

It is good that Brunel has been mentioned in the debate, as he built the first Crossrail. There is nothing new about what we are debating today. The first trains to go across London were Great Western trains, which went underground at Paddington and all the way to Aldgate. They were not viable and were withdrawn. I am sure that economic conditions in London have changed since then, but it is worth noting that there is nothing new about Crossrail—we have had it before.

In principle, I support the idea of improving east-west rail links. Crossrail is a once-in-a-generation opportunity to make a difference to transport in the south-east, which could also benefit long-distance travellers, including those from my constituency, but if the country is to spend the kind of money envisaged by the Bill, we need to provide more than the Crossrail project offers. We all agree that we must do something. The project outlined in the Bill is something, therefore we must do that. That dangerous train of logic must not seduce us into thinking that the Bill automatically deserves our support tonight.

I shall speak primarily about my constituents' interests. That is what I am here to do, and I am clear that the Bill is in direct contradiction to their interests. It is the end of all the dreams that we have in Worcestershire along the Cotswold line of improving the service to the level that we ought to have. Only last week, I believe, the hon. Member for Worcester (Mr. Foster), jointly with the chamber of commerce for Hereford and Worcester, wrote a letter to the Secretary of State asking for the track between Oxford and Worcester to be dualled all the way and for a better service. They should have done that when the Strategic Rail Authority's route utilisation strategy was up for grabs. That was the time to do that.

If the Bill passes tonight in its current form, forget it. It is not worth spending the money on doing that because there will not be the capacity between Reading and Paddington for the additional services that we want. The Secretary of State spoke reassuringly about maintaining current service levels. Current service levels between Worcestershire and London are a scandal. They do not need to be maintained; they need to be dramatically improved. Since the new Adelante rolling stock has gone on to the First Great Western service, loadings have gone through the roof. It is standing room only on most trains. There is a market there crying out to be met, to take people off the roads and put them back on to the railways. Forget it, if the Bill passes.

The Bill may well be an emperor, if not with no clothes, then with very few indeed. The aspect that could persuade me is the Reading-Maidenhead issue. If we could end the railway at Reading, not Maidenhead, with fast and semi-fast services instead of the ridiculous proposed crawling services beyond Paddington, I might be persuaded. I could happily get off a train at Reading, change to a semi-fast service into the centre of London, near where I wanted to be, but I am not prepared to get off a train at Reading, which I will almost certainly have to do, with fewer trains going through to Paddington, make a journey to Maidenhead or God knows where else, and then get on to the underground when I get to London. It is just not acceptable.

We must consider the instruction to the Select Committee. I have raised the matter privately with the Secretary of State and he may by now be in a position to give definitive guidance. It is clear that the instruction is an instruction: it is what it says on the can. The Select Committee can do nothing but obey it. The Government are instructing the Select Committee not to consider anything beyond the terminus laid down in the Bill, which is Maidenhead. That means I must vote against the instruction, because it is fundamentally wrong. I hope that when the Minister winds up, he will be able to

give some more definitive guidance. I am operating on the best advice that I have had, which is clear and unequivocal.

I hope the hon. Member for Reading, West (Martin Salter) is listening in his office. He went away happy, thinking that he had got from the Secretary of State what he wanted, and that he could vote for the Bill and for the instruction tonight. He cannot. I know that the Secretary of State was giving his view in good faith. I have spoken to him and I am convinced that he was speaking in good faith, but I am not convinced that he was right. We need to consider the matter carefully.

The Secretary of State gave some useful reassurances about the other aspects of the instruction, which I had hoped to invite the House to consider this evening, about the issues relating to the likely impact of the construction and operation of Crossrail on rail freight services and other rail passenger services, and the extent to which Crossrail should be planned, operated and regulated as an integral part of the national rail network. He said those were matters more properly left to the Standing Committee stage of the Bill. Because of Bill's hybrid nature, some of those have cross-reference to the private sector implications of the Bill and should be considered by the Select Committee. I do not accept his argument in totality, although it has a good deal of validity.

The problem is that we all know how Standing Committees work in this place. The Select Committee will have a very leisurely pace—perhaps too leisurely for the liking of its members, if they are to consider all the many petitions that they will receive. The Standing Committee will be ruthlessly timetabled and guillotined. It will not have the opportunity to consider the issues in depth, as they demand. I shall vote against the instruction on those grounds too, because it does not instruct the Select Committee that it may examine those issues. I am fearful that it will not, as a result of which the House will not.

My understanding is that the rail industry supports Crossrail in principle, as long as it is considered part of the national rail network. The Secretary of State was reassuring in his remarks today, and I found myself wanting to agree with him. What he said was what I wanted to hear, but I fear, as my right hon. Friend the Member for Maidenhead said, that the Bill does not do what the Secretary of State assured us it would do. I therefore have serious objections to the Bill.

I am reminded of the famous Monty Python sketch, "The Spanish Inquisition". I began with just one objection. My objection is the capacity on the lines between Maidenhead and Reading—ah, and the continuation of the service between Maidenhead and Reading—oh, and—so I have diverse objections to the Bill. It began as one, but the more I considered it, driven by the issue of capacity between Maidenhead and Paddington, I realised that it was not just one or two objections, but such diverse elements as the impact on the existing rail network, funding, the narrowness of the design, the regulatory framework, and the failure to examine alternative solutions beyond the proposal in the Bill.

I know that many other hon. Members who share my concerns had hoped to be present for the debate when it was scheduled to be held yesterday. I think particularly of my hon. Friend the Member for Forest of Dean (Mr. Harper), who is extremely concerned, as am I, about the capacity issues. The fact that the attendance is relatively sparse tonight probably owes something to the change of business. Let us consider my hon. Friend's principal concern and that of Gloucestershire county council—the impact on the existing railway.

Crossrail will pose serious difficulties during construction and beyond. It is a massive project. It will be comparable to a combination of the second phase of the channel tunnel rail link—the tunnelling under London and into St. Pancras, which is new build—and the west coast route modernisation, which is a major construction project. It will be lengthy and undoubtedly very disruptive to existing services. Along the two principal routes 2,200 freight, commuter, long-distance passenger and airport services per day will be affected. The Great Western route from Paddington to Maidenhead and the Great Eastern route from Shenfield to Liverpool Street will be seriously affected. The most noticeable impact will be on train services during engineering periods that require route closures. That will put huge pressure on other transport modes. If the work is carried out during the Olympics, God help us.

Paddington will have particularly serious problems. The Bill allows for it to be shut for a month for construction purposes. We can bet our bottom dollar that it will end up being more than a month. Operations will be severely affected for several years during the construction of Crossrail, mainly because of the closure of Eastbourne terrace for that period and the changes required to the operational railway network. Network Rail's initial analysis suggests that some parts of the station will become unusable and that passenger flows will be severely affected. Taxis are a particular difficulty, because it would be a problem if Olympic athletes could not get taxis at Paddington.

I shall not labour the point about freight terminals, which have already been discussed, but the severe disruption might mean that building materials and other goods are not delivered to London by rail and are displaced on to the roads, which would have severe environmental effects.

I have discussed the construction phase, but what about the operational phase? Demand will be high and the operation will be intense. The network is already close to capacity, but the Bill will create no new capacity between Maidenhead and Paddington and between Shenfield and Liverpool Street. After construction, the capacity for freight and passenger services running west of Paddington to Cornwall, Devon, Bristol, north Somerset, Gloucestershire, south Wales, west Wales, Oxfordshire, the south Cotswolds and, of course, Worcestershire will be reduced from four lines to two. That is a lot of services to fit on to two lines.

Clauses 21 to 26 provide for exclusive use by Crossrail of some of the existing rail lines out of Paddington and Liverpool Street. They effectively enable the Secretary of State to determine the minimum level of principal Crossrail services and to instruct the Office of Rail Regulation to amend or even terminate existing track access agreements to make way for minimum Crossrail services. They give priority to Crossrail over all existing passenger and freight services and undermine the concept of the independent regulation of the railway. If

[Peter Luff]

those provisions are enacted, they will severely reduce the frequency of train services into the two main termini, especially long-distance trains and commuter services from stations outside the Crossrail operation such as Twyford, which my right hon. Friend the Member for Maidenhead mentioned.

By undermining Network Rail's ability to manage Crossrail as an integral part of the overall network, which, despite the Secretary of State's calm honeyed words, would be the Bill's effect, the Bill will significantly reduce Network Rail's ability to deal with incidents on the network, because overall capacity will be reduced. In an exchange with some Government Members, the Secretary of State said, "There will be no capacity problem. I assure you that I would not bring the Bill before the House if I thought for a minute that there would be a capacity problem."

The Government's consultation on the environmental issues resulted in a weighty tome, to which Network Rail contributed submission 55:

> "In the absence of a draft timetable for Crossrail services, it is difficult to assess how existing passenger and freight services could be readily accommodated. Furthermore, it is not possible to assess without knowledge of the Crossrail service plan if proposed infrastructure changes will adequately meet the existing and future needs of the industry . . . It has not been possible for Network Rail to conclude if the infrastructure proposed for Crossrail services will be sufficient to meet future needs without compromising the needs of other route users."

That submission to the Department for Transport is dated 7 June 2005 and came from the group company secretary, Hazel Walker. In his speech, the Secretary of State said that all those matters have been settled, but the experts, Network Rail, say something different, which makes me nervous.

We have addressed the issue of funding, so I will not labour the point, but it is another reason why I am worried. The Secretary of State said that the project will cost about £15 billion, and I think that his estimate is correct. The Treasury has apparently given the Department for Transport a 10-year budget, which does not include Crossrail. I hope that the money is available.

The provisions on exclusive access to parts of the network for Crossrail services will adversely affect the existing First Great Western and One franchises—"One" is an ugly name, but that is what the franchise is called. Some 60 freight trains a day use those lines, so the situation will have interesting financial consequences.

On the narrowness of the design in relation to Reading, the scheme could have brought so much to the south-east, the south-west and the west midlands, but those possibilities are being destroyed by the ridiculous obsession with Maidenhead. We all thought that fast and semi-fast services would run from Reading, but it seems that Crossrail will simply take over existing stopping services from the west into Paddington. Crossrail will not extend to Reading, which is a major rail junction. Richard Branson's Cross Country trains go through Reading. Indeed, one can travel to almost every place in the country that is worth visiting—for example, Edinburgh, York, Darlington and Bournemouth—from Reading, which is the logical place to end Crossrail.

I was brought up near Maidenhead, a wonderful town where my great, great, great, great grandfather was once mayor, but it is an arbitrary place to end a railway—it is not a natural terminus. The Bill will rob a lot of value out of the First Great Western franchise and transfer services to Crossrail. Half the Crossrail services will not even go under London and will stop at Paddington, having crossed nothing except the Thames at Maidenhead. The project looks wonderful, but, as I have said, is the emperor really wearing any clothes?

Why have we not examined the possibility of using this huge sum of money—billions of pounds—radically to improve the London underground? With a bit of tunnelling, a little imagination and a few improvements to access, the London underground could be transformed into an underground for the 21st century. We are ignoring that option in favour of Crossrail, because Crossrail is a shiny new toy.

I shall not labour my concerns about the regulatory framework, but I share the worries expressed by other hon. Members. The Department for Transport has consistently acknowledged that this is a kitchen-sink Bill, but it claims that the situation is all right because the extensive powers, which it may not need, reassure the funders. However, I know that if Ministers are given powers, they will use them. I do not think that the Secretary of State currently intends to use those powers, but when push comes to shove, he will be tempted. Ministers should not be given dangerous toys unless they really need them.

We have not examined the sensible alternatives to Crossrail, which has mesmerised people. I have not dismissed Superlink, which is a better scheme than Crossrail. It would use a similar tunnel under central London, but, unlike Crossrail, it would link directly to regional centres and airports across the south-east, including Heathrow and Stansted, which would relieve pressure elsewhere. Superlink would attract four times as many passengers as Crossrail, which would halve the cost to the taxpayer per passenger. Although Superlink is a bit more expensive than Crossrail, it is fundable in a way in which Crossrail is probably not.

Superlink is compatible with the core section of Crossrail between Canary Wharf and Paddington, and it includes vital but small modifications at each end of that section to enable the major investment to deliver its full potential. Crossrail will not provide transport links to serve the areas of projected housing growth in the south-east and to relieve road traffic, particularly in the Thames Gateway. If Crossrail proceeds, it will pre-empt such infrastructure improvements.

Crossrail is of little benefit to constituencies on the fringes of London or in the area around it, while Superlink would serve all of those areas. By taking travellers directly to their central London destinations, Superlink would more effectively relieve congestion on the London underground and free up key national rail routes.

Interestingly, Superlink's analysis of congestion benefits was not challenged in the Cross London Rail Links analysis of Superlink. A railway that would solve the problems of Milton Keynes and Cambridge and address the east-west issues is a much more attractive option than Crossrail.

I remain unconvinced that the instruction motion will allow the Select Committee to hear well founded criticism of the Crossrail scheme or properly to evaluate alternative options. This evening, the House must reflect on this basic question: why spend so much money, largely at taxpayers' expense, building a railway from Maidenhead to Shenfield, when, with just a little more thought and a little more expense, we could secure a transport network that addresses the real problems of London and the south-east and that costs the taxpayer less? Unless the Minister can explain why the Select Committee cannot examine the alternatives, why it cannot accept the official Opposition's instruction—for that matter, why can it not accept my instruction, which has not been selected?—and why the instruction is so flawed, I will seek to divide the House on this well meaning but deeply flawed Bill.

7.29 pm

Mr. Andrew Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I welcome the Bill and acknowledge the Government's commitment to the Crossrail project by bringing it forward as a hybrid Bill. I also welcome the Secretary of State's wish to put some certainty into the Bill by defining the limits of the Crossrail network. That is essential if the scheme is to be practical and affordable. The project is important to the nation and will have national rail links, but it is, in essence, a London railway and it needs to be looked at in those terms.

The hon. Member for Mid-Worcestershire (Peter Luff) referred to Superlink. If I have got the jargon right, that proposal is essentially a commuter scheme, whereas Crossrail is a metro scheme. The hon. Member for Carshalton and Wallington (Tom Brake) made some complimentary references to Superlink. If that is Liberal Democrat policy, it would be of interest to my constituents.

Tom Brake: Let me make it clear that what I said about Superlink was that it raised some issues to which it was worth the Government responding; that is not quite what the hon. Gentleman is saying.

Mr. Slaughter: That is the most enthusiastic view of Superlink that I have heard. As the hon. Member for Brentwood and Ongar (Mr. Pickles) said, it did not publish the route, but it showed us a map. I believe that although Ipswich and possibly Worcester were on that map, Acton main line was not.

Peter Luff: I would love Worcester to be served by a fast service direct through to Canary Wharf, but it was nowhere near the map. The hon. Gentleman is making mischief. He says that Crossrail is a metro service. People going from Maidenhead into west London do not want a metro service: they have a perfectly good rail service. Crossrail diminishes the quality of the service for many people who currently use it; and a metro is not very attractive.

Mr. Slaughter: I may be old-fashioned, but I thought that the links to the national rail network were the London terminals of Paddington and Liverpool Street, which seem to do a perfectly good job. The principal job of Crossrail is to provide much needed relief to central London and to the western and eastern arms; that is why it has received a warm welcome from business, local government, trade unions and transport groups. Even those who intend to petition against parts of the Bill generally preface their objections with an endorsement of the scheme. My constituents largely fall into that category by giving it a clear but not unqualified welcome. I shall come on to the objections in a moment.

The benefits to the national and London economy, to employment and, in particular, to the transport network were set out in the Secretary of State's speech, and I do not intend to repeat them. The good sense of having an east-west through route connecting to national rail services and the tube is so apparent that it has been advocated for some 50 years. The commercial and operational benefits are complemented by the relief that it will bring to tube lines already operating at capacity.

The specific local benefits to my constituency are significant. Ealing Broadway will be the principal interchange station on the west arm of the route. The station itself will benefit from much needed reconstruction. Commuters will experience improved services and journey times to many destinations, as well as the new routes that will be opened up to the centre of London. Acton main line station will be rebuilt and the number of trains increased from two to four per hour, reversing the cut in services made last year. The facilities at all stations along the line will be improved and the stations extended to accommodate longer trains. That is all good news for rail users in the western part of my constituency.

However, there are three concerns about the project as currently set out. First, there is a belief that the good news in the Bill could be better. Twenty-four trains will run through the central tunnel at peak times. In the east, those will continue on one or other of the Shenfield or Abbey Wood branch lines; in the west, 14 trains will be turned round at Paddington. The central conceit of Crossrail is to make a once-in-a-generation improvement in the cross-London rail network by linking up the existing extensive but disparate web of overground and underground lines. However, no attempt has been made to interchange with the West London line at Shepherds Bush or the North London line at Acton.It is difficult to tell whether the service to Heathrow from local stations will improve. BAA, which has just introduced the Heathrow Connect service, says that it will not. It is an issue not only of timetabling but of fares. If the premium fares that are currently charged for travelling even a few miles by rail to Heathrow are to continue, many non-business users are likely to boycott the service.

The second caveat, and the basis of a groundswell of local opposition to Crossrail, is the effect that it will have on the local environment, particularly the loss of a substantial area of open space comprising allotments, school playing fields and natural habitat for a number of protected species. The London borough of Ealing and numerous local organisations from the Acton area will, with my support, petition the Select Committee on those issues. The significance of losing irreplaceable open space in inner city areas cannot be overestimated. In this case, the sites are well used and have been for several generations. They are, admittedly, part of the original Great Western estate and stand on railway land, but so does much of the residential property and other amenities in that part of Acton. The specific areas of

[Mr. Slaughter]

land marked out for compulsory purchase include a sizeable part of the playing field and nature reserve of West Acton primary school and the whole Noel road allotments site.

The teachers and pupils of the school and the residents who till the allotments are not naive, and I doubt that they believe that even armed with rakes and hockey sticks they could stop a £10 billion railroad crossing their land. However, it transpires that the land grab in Acton is wholly unnecessary, as alternative brownfield sites along that part of the route could be substituted. The same applies at Ealing Broadway, where it is proposed to take over Haven green—a protected area of green space in Ealing town centre—instead of using a nearby car park for storage and construction works. I presume that that can only be for reasons of cost and convenience to the contractor. Some six years ago, similar proposals to take over those greenfield sites were turned down at the planning stage because alternative brownfield sites were available, and it remains the view of the local authority that those sites are there. Of course, the powers given by the Bill will subsume such local planning powers. Moreover, as the history of the site suggests, the proposed extensive works at Acton yard would envelop the community open space, yet they are not germane to the Crossrail scheme itself but part of separate development proposals for the freight yard. Local residents fear that were the Bill to be passed but Crossrail to be abandoned, the compulsory purchase powers given by the Bill might be used to advance other interests. That lose-lose option would mean no playing fields, but no new rail service either.

That example illustrates my third and final reservation about the Bill. Are the powers to take over existing interests, in particular the compulsory purchase of landholdings of existing users, necessary to fulfil the requirements of the Crossrail scheme? Many substantial interests with a locus in my constituency will petition on these points, including BAA, EWS Railway and Cory Environmental. I do not intend to recite the objections in detail here, as other hon. Members have mentioned them, but the general point is well made. It cannot be right for any greater powers to be taken by the Secretary of State with a view to passing them to the nominated undertaker than are necessary for the construction and operation of the Crossrail route, or for there to be no requirement to consider and negotiate the rights of existing users. If that dictum applies to other major players on the Great Western lines, it should also apply to neighbouring communities.

It is always easier in such debates to dwell on the points of difference than on the layers of agreement. I conclude by repeating that the Bill will find general and enthusiastic support in my constituency, not least because it is an essential addition to the London rail network.

7.39 pm

Mr. Eric Pickles (Brentwood and Ongar) (Con): I am grateful for the opportunity to contribute to this important debate. If the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) will forgive me, I should like to revert to the point that my right hon. Friend the Member for Maidenhead (Mrs. May) and my hon. Friend the Member for Mid-Worcestershire (Peter Luff) made about the instructions.

The Secretary of State was persuasive. He managed to make me feel at ease and that I should not be so worried about whether the instruction constituted a firm set of locks on the Committee. However, my hon. Friend the Member for Mid-Worcestershire took legal advice and told hon. Members that our original fears, and the reason why I tabled an instruction, were well founded because the Government's instruction would preclude the Committee from considering the possibility of, for example, moving on to Reading or moving the termini from Shenfield to Stratford.

I agree with my hon. Friend. I cannot imagine any circumstances in which the Secretary of State would stand at the Dispatch Box and mislead the House. I have no doubt that he spoke in good faith—perhaps the advice that he received was simply wrong. If so, will the Under-Secretary assure us in his winding-up speech that he will ensure that the Committee is instructed to give life to the Secretary of State's undertakings? If he does that, we can all leave the debate feeling that something significant has been achieved. I ask him for a specific response to that point.

The Secretary of State said something startling in his introduction. The issue that dare not speak its name, which has rumbled gently through the debate, is the source of the money. I was therefore startled when the Secretary of State said that he was waiting for the Lyons committee to report. That is a bizarre reason not to be forthright in the Chamber. If the Secretary of State genuinely believes that the reform of non-domestic rates and the rebanding of council tax, even with an additional band, will find the money for Crossrail, he is deluded.

Mr. Hayes: The Secretary of State is not the only one who is deluded. In an answer to a written question from me a week or so ago, the Under-Secretary declared that the cost of Crossrail would be £10.063 billion, rising to £10.292 billion. Today, the Secretary of State said that the cost was likely to be £15 billion or £16 billion. There is genuine doubt about the money and I was therefore somewhat surprised. Mick Lyons was surprised that he had to deal with it and I am sure that my hon. Friend is just as surprised to hear that news.

Mr. Pickles: With such increases, the Government would undoubtedly cap Crossrail if it were a local authority. However, the hard truth is that if we are genuinely waiting for Lyons and the money is to come from an amalgam of council tax and non-domestic rates, the price box will increase and we are likely to experience significant rises in rail, underground and bus fares to pay for Crossrail.

Peter Luff: One of the House's prime functions, along with scrutinising legislation, is to vote money to the Government. Does my hon. Friend know—I do not—of any mechanism whereby the House can consider the financial questions around Crossrail?

Mr. Pickles: As far as I understand the instructions and the role of the Select Committee, the finance is not

to be considered. We are being asked to vote for probably the largest civil engineering project in Europe this century, without any genuine certainty about how it will be financed. I do not doubt Crossrail's economic importance or the significance of the engineering feat. It will reduce congestion in London and unblock the clogged lines in our capital. However, I am unhappy about the far-reaching powers that the Bill transfers to Crossrail. It threatens the stability of our railway network in terms of the timetable and fair competition. It also threatens the independence of the Office of Rail Regulation and puts the projected growth of freight at risk.

My hon. Friends spent some time considering the Office of Rail Regulation and I will not repeat those points, save to say that the contention of my right hon. Friend the Member for Maidenhead about her constituents' desire to look to the Office of Rail Regulation rather than the Mayor of London is true for the people of Brentwood and of Shenfield. We must acknowledge that Crossrail's effects will be felt not only in the capital, but across country to and beyond Cardiff.

Freight has been one of the great successes of the modern railway network. We have reached double figures in the percentage of freight that is carried by rail. We are at a crucial point when significant sums of capital investment have been made in freight, and we are moving from transporting goods for which time was not critical, such as aggregates, coal and oil, to goods for which time is critical. If, at this crucial point, we restrict the ability of freight to be moved on our railways, we risk the disappearance of all that investment and the genuine possibility—at a time when our roads, especially the A12, are massively overcrowded—of freight being transferred from rail to road. That would be ironic.

I am worried about other consequences. Four tracks are available for 20 miles from London. Crossrail will take two of them, forcing other services on to the fast lines. That remains a worry to me and my constituents. Crossrail's route and plans would fit more easily into a railway pattern of the 1980s rather than 2005 or 2015. It is depressing that there appears to be no genuine grasp of the growth of docklands, the extension of the Jubilee line or the strategic importance of the Thames Gateway, about which the hon. Member for Dagenham (Jon Cruddas) spoke so convincingly. That is why the project starts at Maidenhead and ends at Shenfield. None of the developments that I mentioned existed when the original plans were made.

The Shenfield line runs at full capacity. Thousands of people travel on it in overcrowded trains, and the slightest delay causes a major snarl-up. Crossrail does not add to the capacity. To be fair, Crossrail claims a slight increase in capacity—from eight to 10 carriages, operating at a greater frequency at what it describes as "peak and other times". That can be achieved only at the expense of freight and other users.

Peter Luff: My hon. Friend is making an important point. The estimates that I have from the rail industry show that Crossrail's plans could mean halving services from Oxford to London, from two trains to one train an hour, and halving services from Norwich to London. I hope that the Home Secretary will therefore vote against Second Reading.

Mr. Pickles: It would be good for law and order if we kept the Home Secretary in Norwich. Every cloud has a silver lining.

If Crossrail were to operate as planned, with 24 trains an hour through the central tunnels at peak times, it is far from clear that the network could accommodate such a service on top of existing and anticipated rail passenger and freight traffic. Freight operators estimate the use of only two tracks for 40 freight trains a day in each direction to and from Shenfield, plus nine intercity and outer-suburban off-peak trains. We also have to remember, when we are talking about the line from Shenfield to Liverpool Street, that 10 to 20 trains a day cross the important crossing from Forest Gate to the North London line. That, too, has a knock-on effect. My constituents will end up with disruption, inconvenience and, in the end, a worse service.

Crossrail will make the line from Shenfield unstable in terms of timetabling and vulnerable in terms of disruption. That might be justified if Shenfield's sacrifice were in the national interest. For some time, I have been asking railway organisations why Crossrail should start at Shenfield. No one has ever come up with a convincing logistical or engineering reason. A couple of months ago, a senior representative from Crossrail gave a presentation to a packed meeting in my constituency. He conducted himself with his customary charm and was listened to attentively and politely by my constituents. I asked him to tell us why the line should start at Shenfield. He is an obliging man, and he did so. I was startled by his first point, which was that Shenfield was traditionally the end of the line; it was therefore where the train drivers had lived and joined their trains.

I am the very proud grandson of a railway worker. Shenfield and Hutton Mount were among the wealthiest places in the United Kingdom in a recent survey of household incomes, with property prices to match. A house in Shenfield or Hutton Mount would, frankly, be out of reach of most Members of this House and, unless train drivers' salaries have greatly increased in real terms since my grandfather's day, of most train drivers. In April and May, I walked the streets in that area and I cannot recall meeting any member of the railway industry other than members of the board of Network Rail.

I point this out not to poke fun at Crossrail, but to illustrate the flimsiness of the case for Shenfield. Taking over the existing Metro services and control of all the lines will add nothing to the project except extra cost. Shenfield is the end of the line because it has always been the end of the line. With the permission of my hon. Friend the Member for Mid-Worcestershire, I should like to take up the Hans Christian Andersen theme again. This is another example of the emperor's new clothes. The line will end at Shenfield because it has always ended at Shenfield, for no particular reason. Surely it would make better sense to end Crossrail at Stratford. It is a much more natural terminus, which is important, as other hon. Members have pointed out. It is strategically placed for the natural expansion of London and it would be cheaper to construct. Also, the cost benefits of the project become more evident from Stratford onwards.

[Mr. Pickles]

I see that my hon. Friend the Member for Romford (Andrew Rosindell) is in his place; I look forward to hearing what he has to say on this. The inclusion of Shenfield has led to some very questionable logistic decisions by Crossrail, one of which involves Romford. I cannot understand why we should build a depot in the middle of Romford, costing £400 million, when there is a perfectly good one going spare near Paddington that is soon to be vacated by Eurostar. The purpose of my tabled instruction is to allow the Select Committee to study the options in this regard, and I hope that the Minister will allow our constituents and other concerned parties such as Brentwood council to talk to the Select Committee about the possibility of having a proper terminus at Stratford.

Peter Luff: This shows the value of public debates—an interesting thought has just occurred to me. I have been fixated with the idea of extending the line westwards. My hon. Friend is talking about shortening the eastern section by bringing the terminus further into London, and that is a powerful argument. Ealing Broadway now commends itself to me as the terminus in the west. It is on a cheaper line and is a natural rail junction, albeit not as powerful or impressive as Reading. The Select Committee should consider a route from Ealing Broadway to Stratford.

Mr. Pickles: There is some merit in that suggestion, but the point made by the hon. Member for Dagenham about the southern route, which would move it more naturally into the Thames Gateway, also had merit. Rather than wasting money extending the line from Stratford up to Shenfield, why not release that money and place Crossrail where there will be significant growth?

Now that my hon. Friend the Member for Mid-Worcestershire and I are in agreement, I shall disagree violently with him on Superlink. I had hoped that my instruction to the Committee would not allow the flight of fancy represented by Superlink to distract the Committee. My constituents are not impressed by Superlink's desire to smash two new railway lines through the gently undulating Essex countryside. I hope that my hon. Friend will give the same consideration to that beautiful countryside as he gives to Brunel's marvellous bridges. Those two new lines would disturb the villages of Lambourne and Abridge to the west, and Navestock, Blackmore, Hook End, Swallows Cross and Mountnessing in the east.

Perhaps I should declare an interest. Although Superlink tells me that my property will not be affected, I have to say that a close examination of that enormous red line on its plans seems to reveal that Superlink will go right through Mrs. Pickles' and my kitchen door, so hon. Members will understand why I am not exactly happy with the idea. What Superlink airily dismisses as open field is my constituents' precious green belt. My constituents are even less impressed by Superlink's patrician refusal to publish an exact route. Any organisation that shows such disdain for the public forfeits the right to be taken seriously.

The Secretary of State made great play of the necessity for private rights to be considered by the Select Committee. There are a number of problems with the environmental impact assessment, which has, perhaps inadvertently, misled some of my constituents. I want to make one narrow point on this issue, and I would like one of my constituents to speak for the rest. My constituent, Mr. Cloke, lives at 15 Herington Grove, and although his house is shown as being likely to be affected by significant adverse noise impact, it does not qualify for noise insulation. Nos. 11 and 17 Herington Grove do qualify, however. No. 17 is interesting because it is not a building but part of the garden of No. 15, which does not qualify.

When my constituent contacted Crossrail's helpdesk, he was told

"that the tables set out in the Environmental Statement were samples and not representative of whether houses will or will not be affected, which will only be known and assessed once construction work commences. This apparently was to comply with Parliamentary requirements for the document to be reduced in size".

To make the assessment only when construction commences would be contrary to the noise and vibration mitigation scheme. It also seems completely pointless. Once the construction has started, the noise, disruption and vibration will also have started. Mr. Cloke rightly asks:

"How can this be done in a realistic timeframe to alleviate and mitigate the noise from the construction?"

I would ask the Select Committee, when it is considering the private rights, to look at this aspect of the scheme as a matter of urgency. A number of my constituents have thumbed their way through the environmental report and decided either that they have nothing to worry about or that they have something to worry about. Either way, however, this is just an indicative scheme, and that is not a sensible path for either the House or Crossrail to pursue.

7.59 pm

Andrew Rosindell (Romford) (Con): I am grateful for the opportunity to address the House on this vital issue, which affects my constituency particularly. It is a pleasure to follow my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles), whose views on Crossrail and its effects on our side of London and into Essex I endorse completely.

You will be aware, Madam Deputy Speaker, that in the previous Parliament I presented a petition of some 2,302 signatures, collected by me and members of the Crossrail action group based in my constituency. We have deep concerns regarding all the proposals affecting Romford by Cross London Rail Links Ltd. The aim of that extensive petition was not to prevent the betterment of public transport services in London and the south-east, nor to halt Crossrail's plans completely, but to try to encourage Cross London Rail Links Ltd. and the Department for Transport to reconsider some of their proposals for Romford, which in my view will have a devastating impact on the local community and disrupt the lives of many people there. I am sorry to say that, even though that petition was presented to Crossrail representatives and to the door of No.10 Downing street, neither Ministers nor Crossrail have taken heed of my constituents' concerns. I sincerely hope that that will change as the Bill proceeds to Committee.

As you might expect, Madam Deputy Speaker, my speech today will be devoted almost entirely to specific issues facing my constituency as a result of the Crossrail

Bill. Speaking as both the local Member of Parliament and a local resident, I back my constituents wholeheartedly in their campaign against what can only be described as outrageous proposals for our local area, particularly affecting the communities of Crowlands—the district of Romford between the London road and Crow lane—Rush Green and Gidea Park. Crossrail proposes to construct a 24-hour maintenance depot and sidings in those highly populated residential areas of Romford.

Mr. Slaughter: Whether the hon. Gentleman wishes to have a depot in his constituency is entirely a matter for him, but I wonder why he wishes that it was going to be in my constituency, as I gather that he does from questions that he has asked. Crossrail had, I think, 42 options for the depot and chose Romford. He seems keen for it to be sited in Shepherd's Bush.

Andrew Rosindell: I am keen that it goes in the location that will cause the least disruption to people's lives, which certainly is not Romford. I accept that other locations might also be contentious and that needs to be examined closely in the Select Committee. Wherever Crossrail finally decides to place its depot, if the Bill goes through, I hope that it will not devastate people's lives as is currently proposed in my constituency of Romford.

The depot proposed in Romford is set to be approximately 2.5 km in length, running through both the Romford Town and Brooklands wards. Railway sidings and an access route for vehicles are to be constructed in Squirrel's Heath ward, also in my constituency. The proposal for a depot in central Romford will undoubtedly have the greatest impact on the lives of local people, taking away playing fields and open spaces and generating a vast amount of noise and pollution, and it is likely to turn a fairly quiet residential area of Romford into something like an industrial site. No way, Madam Deputy Speaker.

Let me take you, Madam Deputy Speaker, on a journey from west to east of the proposed Romford construction works, starting from the access tracks to be placed on the Westlands playing fields, an area of green belt land often used by local community groups, as well as the adjoining St. Edwards's Church of England comprehensive school and sixth-form college. Understandably, the school strongly opposes Crossrail's proposals, which would lead to the immediate loss of sporting facilities on Westlands playing fields and 50 per cent. of its own sports area, into which much investment is currently going, not to mention the overall long-term impact on the school if it is to be situated adjacent to a large Crossrail work site, with all the associated noise, dust, disturbance and congestion.

A proportion of the land equal to approximately two thirds of the Westlands playing fields is to be used temporarily as a Crossrail work site, depriving local children and residents of its use for about four years and eight months, including one year and nine months of enabling works. The Westlands playing fields are a key recreational facility in the affected area and are also used by the constituents of the hon. Member for Dagenham (Jon Cruddas). The Romford constituency also has lots of other green space and park land, most notably Oldchurch park, which is now being used to build a new hospital. Out of a total of 13 sports pitches on the fields, eight will be lost temporarily, and three permanently. Residents understandably feel that, once the fields have been reinstated, if it proves to be the case that local sports teams have relocated, the local authority will seize the opportunity to show those fields as surplus to requirement and sell the remaining land for development in accordance with guidelines set out by the Office of the Deputy Prime Minister.

The Government claim to put children first and have expressed concern over the number of obese children in Britain today. Perhaps the Minister can tell me how children in Romford are supposed to exercise without such recreational facilities as playing fields. That issue has also been highlighted by Sport England. To compound the loss, the disruption, including the arrival and departure of as many as 10 construction lorries a day, is due to last a child's whole secondary school life and will span 16 to 20 sets of public examinations overall, ranging from key stage 3 standard assessment tests to A-levels. We are all aware of the stress that children face at the time of examinations, and to add such distraction is nothing less than irresponsible from a Government who are supposedly concerned with the future of our younger generation. Not only will the use of the green belt land be detrimental to schoolchildren, patrons and residents, but the ecology of the area will be seriously affected.

The adjacent land known locally as Westlands Rough is the last remaining field of the Thames Chase to be left untouched within the London borough of Havering. To lose that green belt site would deprive the local community of the enjoyment and education of observing many species of wildlife and fauna, as well as taking away an area that many people use and enjoy for taking their dogs for walks. My Staffordshire bull terrier, Buster, who is well known to many Members, will be devastated if this treasured area of green space is wrecked by Crossrail's plans. Some species found on the site are of high conservation priority and are all unique to this part of the London borough of Havering. Such a site cannot be replaced.

The dive-under from Westlands playing fields will bring trains from north to south of the Great Eastern main railway line, causing prolonged noise to residents in that area from slow-moving trains 24 hours a day, and particularly throughout the night and early morning when they will either go in for maintenance or leave ready for the morning rush. That will affect local residents on both sides of the main line. An area to the south of Crow lane is to be used as a work site and adjoins many residential properties. That is approximately 4 acres of green belt land that forms part of the Dagenham corridor—the barrier between the London boroughs of Havering and of Barking and Dagenham. In addition, a new bridge to carry Crossrail would have to be built over a local road on the south side of the line after the underpass. Again, that would cause major disruption, with road levels perhaps needing to be altered. The lengthening of the walkway due to the additional bridge will have negative effects for pedestrians, a high proportion of whom are schoolchildren of both primary and secondary school age.

Yet another public worry is the loss of public recreation ground as a result of disruption in an area known as Jutsums park. A major gas main is being rerouted. Moreover, there will be a loss of established

[Andrew Rosindell]

trees and plants whose planting was paid for and carried out by the local community. Crossrail itself admits that users of Jutsums park will be

"subject to significant noise impact"

during construction, which will make it very unpleasant to use. The disruption of the parkland is in addition to the permanent loss of Oldchurch park playing fields, less than a mile away.

Continual erosion of those facilities will leave the youth of the area little recreational space that is free of charge. That means that we are in danger of seeing more gangs of youths congregating on street corners with nothing to do, especially in the town centre. As might be expected, my constituents and I are deeply concerned. We fear that the knock-on effect of Crossrail's proposals could be an increase in youth crime in Romford.

Crossrail has also proposed the building of a service road between Jutsums lane and the depot building towards the eastern end of the construction works. The road is to be built on the embankment and will run approximately 4 m from the ground. Vehicles will thus be level with the upstairs windows of people's homes. Inevitably, that will cause even more disturbance and invasion of privacy. The depot will take five or six years to build, which means at least six years of constant disruption, congestion, dirt, noise pollution and light pollution.

Those negative factors will affect residents, some of whose homes are about 100 m from the proposed depot site. The Higginses, with their small children, are an example. Not only will access to the road be less than 10 m from the side wall of their house but the proposed maintenance depot will be 100 m from the bottom of their garden. When they bought their home 20 years ago, Mr. and Mrs. Higgins were well aware of the existing railway line, but they did not expect to live next door to a 24-hour maintenance depot.

The plans affect my constituents throughout Romford. Local roads will become more congested, with a plethora of construction traffic. Vehicles travelling to service the depot, both during and after construction, will journey down residential roads, not only damaging roads but putting pedestrians at risk. The depot will also dramatically change the skyline of the area, dominating the view from many residential properties. It is to be built on land that has already been raised by between 3 and 4 m, to make it level with the existing railway line.

According to the requirements of the Greater London assembly biodiversity document, recognised by the Government as being in league with Agenda 21, brownfield land unused for human purposes that has reverted to its natural state can be classified as greenfield. The Crossrail action group and I believe that that applies to the Romford gasworks land that is to be used for the depot development. The depot itself will be 12 m high, which means an overall height of 15 to 16 m—around double the height of the average house in the area.

In answer to a written question from me, the Under-Secretary of State for Transport, the hon. Member for Halton (Derek Twigg), confirmed that the depot would be operational 24 hours a day. With lighting conducive to worker safety and high-pressure commercial washing taking place throughout the night, residents are sadly unlikely to have a night's peace if the depot development proceeds. Moreover, a parcel of land next to the depot area and to the rear of the residential properties is to be used as a route control centre and a large car park. Although the facility itself may not be particularly noisy, residents fear that further disruption will accompany shift changes during the night. The facility does not form part of the depot and can be located anywhere along the route. The construction of the depot will necessitate the removal of a gas holder, which will leave residents exposed to associated contamination. I do not consider it justifiable for the lives of residents, some of whom have lived in their homes for more than 60 years, to be disrupted to such a dreadful extent.

Mr. Charles Walker (Broxbourne) (Con): Has not Crossrail shown complete disregard for the needs of my hon. Friend's constituents?

Andrew Rosindell: My hon. Friend's words echo the views of all my constituents. We originally thought that the development might benefit us, but over time we have realised that there will be very little benefit and it will wreck many people's lives. Many elderly people who live locally are in fear of what they may have to face in their twilight years.

Although it was asked for details of the elimination of the other depot sites considered as long ago as July 2004, Cross London Rail Links did not see fit to release the information to Havering council, Havering's Greater London assembly representative Roger Evans and the Crossrail action group until May this year, although the document is clearly dated December 2003. Having looked at the reasons for deselection of some of the alternative sites, I deduce that different criteria have been used from one site to the next. The Romford option is the most expensive and the most logistically difficult to build, yet it appears that the use of so-called brownfield land for the depot, although it is in a residential area, is being made to fit Crossrail's criteria. How can that possibly be? I hope that the Minister will tell us later.

Towns usually build up around industry of this kind, rather than the other way about. I ask for Cross London Rail Links to be directed back to the drawing board, and told to consider land that has already been used for this purpose at Ilford or North Pole. I also ask for all sites considered to be rated with the use of the same criteria, rather than differing criteria depending on location.

Mr. Pickles: My hon. Friend mentioned the North Pole depot, to which I also referred. Eurostar will lose it in 2007. Does it surprise my hon. Friend that Crossrail has not even considered it as an alternative?

Andrew Rosindell: I agree. I find that not just surprising but astonishing. If there is one message to be conveyed from our side of the debate, it is that the Minister should reconsider that aspect. The North Pole site would clearly be appropriate and would avoid much disruption in my constituency and elsewhere.

The most infuriating example of what I am describing is the fact that a site with only a handful of houses nearby uses "proximity to dwellings" as an adverse

effect, while there has been no mention of that in the selection of Romford, although hundreds of homes will be affected. The depot at North Pole, just west of Paddington and on the proposed Crossrail route to Heathrow, is currently used by Eurostar, as my hon. Friend said. That new, modern depot, built to maintain the most modern trains, will be vacated in 2007 when Eurostar switches its maintenance to a new depot being built at Temple Mills with £400 million of taxpayers' money. If Crossrail used North Pole, it would probably save the taxpayer the £430 million construction costs of the Romford depot, and save my constituents in Romford from massive and unnecessary disruption. Crossrail has not been able to give a convincing reason for its inability to use the North Pole site.

Mr. Slaughter: I did not think that the hon. Member for Brentwood and Ongar (Mr. Pickles) mentioned North Pole. I believe that he mentioned a depot near Paddington. North Pole is relatively near Paddington, but is actually at Shepherd's Bush. If only from my earlier intervention, the hon. Member for Romford (Andrew Rosindell) must know that Crossrail considered it as an option and rejected it, partly because it is in west London rather than east London and therefore logistically inappropriate, and partly because there may be other plans for the North Pole depot. He cannot hang his argument on that.

Andrew Rosindell: There may be other plans and Crossrail may have considered them, but it has not pursued that option. What I am asking today is for the Minister to revive that option and look further into the details. A decision has been taken, but not a fair decision, so other alternatives need to be considered. Will the Minister assure my constituents that he will investigate why this option has been decided and ensure that the North Pole alternative is given serious and urgent consideration?

Other effects of the work in Romford include the extension of an underpass widely used by residents ranging from children to the elderly. It will be extended from 43 to 75 m. Associated works at Romford station will cause considerable disruption with yet more work sites and more construction vehicles. The affected residents are effectively stuck in the area, because once Crossrail reaches planning stages and starts showing up a negative on searches, residents will be unable to sell their homes, causing blight to many home owners in my constituency. I feel that that is totally unfair to my constituents.

I turn now to the effects of Crossrail in the Gidea park area of my constituency, where railway sidings and an access route are being proposed. The residents of Cambridge avenue, Amery gardens and the surrounding area will have imposed on them a large area for the storage of Crossrail trains—yet more disturbance, noise and pollution. Gidea park is another quiet residential area and although the Liverpool Street line runs through the community, using the land at the rear of residential properties for that particular purpose is an entirely new development, to which most local people are completely opposed. There is also the access route for vehicles proposed via the Southend arterial road, where lorries will thunder past residential properties and around the sides of people's homes, causing no end of disturbance. As the local MP, I speak on behalf of all local residents from the area who feel that this plan is totally and utterly unacceptable.

It has also become increasingly apparent that affected residents in the area will have little to gain from the development or from the Crossrail service itself. As such, I believe that connecting the Great Eastern Shenfield line into the Crossrail scheme could prove a serious mistake—a view shared by my hon. Friend the Member for Brentwood and Ongar. From what I can see, the £1.5 billion that it will cost far outweighs the potential benefits to passengers from Romford. There will be only a slight increase in capacity and, by the time the whole scheme is commissioned, it will have been absorbed by the growth of towns along the eastern route. There is no real evidence that journey times for passengers on this branch will decrease substantially. Most commuters from Romford walk from Liverpool Street station to jobs in the City and there is also a good interchange at Stratford on to the Central line. Since the Crossrail scheme was revived by the central London rail study, the Jubilee line has been constructed, allowing passengers to travel directly to Canary Wharf and the west end, reducing the congestion on the Central line.

Mr. Andrew Turner (Isle of Wight) (Con): I am grateful to my hon. Friend for giving way and for giving the House so much information about the impact of this development on his constituency. Does he agree that any development of this kind will have the effect not only of increasing traffic and travel, but of enabling people to travel far further to work than they otherwise could—in other words, to live perhaps in Essex and work in Middlesex, which under other circumstances would be wholly irrational and likely to force people to relocate? We are not improving the environment, but merely enabling more and more people to travel further and further, damaging the environment as they do so.

Andrew Rosindell: I have great sympathy with my hon. Friend's point. We all want progress and greater access to travel, but there are many different ways of doing it. I am increasingly of the view that the important thing to focus on is smaller developments—localised, but clearly focused on what will be achieved. Huge developments may not necessarily improve the situation but most certainly have a big impact on the environment. The debate will become more detailed and complex as time goes on.

Crossrail has told Romford residents at meetings held by the Crossrail action group that they will be able to board direct trains to Heathrow airport. However, in answer to another of my written questions, the Minister confirmed that all trains to Heathrow will, in fact, start from Abbey Wood with no direct service from Shenfield. We have also learned that Crossrail trains are unlikely to run to Heathrow's new terminal 5 because of capacity conflicts. It appears that passengers from the Shenfield branch will need to change trains to get to Heathrow and then change again if they want to use flights from terminal 5. The case for incorporating the Shenfield line in the Crossrail scheme seems to depend on the assumption that it will, in turn, release capacity for more services from Stansted airport into Liverpool Street station. Yet rail industry experts have raised serious questions about whether Crossrail's operating

[Andrew Rosindell]

strategies will actually work. If they are right, Crossrail's plans imply the utter waste of £1.5 billion, with the so-called investment going into making public transport worse.

Mr. Julian Brazier (Canterbury) (Con): My hon. Friend is completing a powerful oration on behalf of his constituents. The situation is even worse than he suggests. BAA is aware of the problems for travellers to Heathrow that he described, but there is the additional point that we will be mixing densely packed commuters with travellers carrying a lot of luggage. As a result, the premium service to Heathrow—the Heathrow Express—is at risk.

Andrew Rosindell: I am most grateful to my hon. Friend for making that point. The deeper and more detailed our analysis of these problems, the clearer it becomes that there are great flaws in what is proposed.

If Crossrail is intended to serve the London borough of Havering, I suggest that it has been wrongly routed. To serve its remit of opening up communities, it should serve the area further south where the bulk of regeneration of the Thames Gateway will take place.

Finally, Crossrail is described as an east-west rail link, but why not think of it as a west-east rail link? It could make more sense to build it that way round now that we have secured our bid to host the 2012 Olympic games. As Lord Coe has said in many of his presentations, the Olympic site is already served by nine railways, and the Olympic Javelin will provide a fast shuttle to Kings Cross. Rather than disrupt rail services in the critical period before the Olympics, why do we not concentrate on getting the Heathrow and Abbey Wood branches up and running? That will reduce the initial costs of the scheme, while the Shenfield branch can be added later, if required.

On behalf of my constituents in Romford, I ask the Government and all right hon. and hon. Members to put themselves in the position of the residents who will suffer so much hardship from the construction work if the scheme goes ahead on their doorstep. That is not just nimbyism, but a collection of serious concerns about the quality of life of thousands of people.

The point of scrutinising legislation in this place is surely to modify Bills. What the constituents of Romford and the Crossrail action group are proposing is minor in the grand scheme of Crossrail, but in the lives of real people, due to be seriously undermined, it is vital. I urge the Government to request the Select Committee to review the proposals for the eastern section of the line, especially the depot in Romford and the sidings at Gidea Park, and more generally, whether it really makes sense to incorporate the Shenfield line in the Crossrail scheme. Why not simply use some of the money to upgrade the existing line to Liverpool Street?

I look forward to imparting more detailed evidence to members of the Committee, but if any Members want to learn more about the proposals that affect my constituency, they are welcome to access the Crossrail action group website at www.romfordcag.co.uk. I conclude by urging the Government to listen to the residents of Romford and to the Crossrail action group, who have worked tirelessly to ensure that their environment and community can be treasured for generations to come.

8.30 pm

Mr. Mark Field (Cities of London and Westminster) (Con): I am sure that the whole debate has been a delight for every last train spotter. It seems that almost every railway siding from Essex to Worcestershire has been mentioned; in particular, we have had a tour d'horizon of Romford, courtesy of my hon. Friend the Member for Romford (Andrew Rosindell), who went into great detail in a passionate defence of the rights and interests of his constituents.

When, or perhaps if, Crossrail is built, our capital city—one of the great global cities—will have the beginnings of a railway system fit for the 21st century. Why then have the Government seen fit to impose a procedure more suited to the 19th century in proposing this hybrid Bill? What of democratic accountability, and consultation with the countless residents whose daily lives will be blighted and affected? We have heard about that from several contributors to the debate. Why is the ultimate decision about whether the project is funded, and thus can proceed, left to two men, the Chancellor of the Exchequer and the Secretary of State for Transport, who do not represent anyone on transport issues in this House? It is a devolved matter for their constituents in Kirkcaldy and Cowdenbeath and in Edinburgh, South-West.

There is no doubt that London desperately needs proper investment in its infrastructure, because if London fails economically, the whole of the United Kingdom fails with it. Jobs, at least those outside the public sector, that fly from our capital city usually leave our shores entirely. Any Government action that diminishes the relative commercial importance of London is unlikely to benefit Glasgow, Leeds, Manchester or Birmingham; instead, it will be European or increasingly south-east Asian cities that will reap the benefits. It is in that context that we must ensure that investment in the transport infrastructure of our capital city is fit for purpose in an innovative, rapidly evolving world of commerce.

Crossrail is a plan that will integrate the mainline railways to the east and west of London, through the construction of two tunnels, directly beneath the centre of London, from Paddington to Liverpool Street. As the Secretary of State said in his opening comments, the project was agreed by the Government as long ago as 1990 but the necessary private Bill failed to get through the House of Commons four years later. Finally, on grounds of cost as much as anything else, the Conservative Government pulled the plug on that scheme in 1996. Many Members who have spoken in the debate may not be entirely aware that the proposal goes back as far as 1948, so surely few would dispute the fact that Crossrail is an idea whose time has genuinely come.

There are, however, some substantial issues that need to be properly addressed even on Second Reading. Later, I shall touch on some constituency issues; rightly, as constituency Members, we have particular concerns and they have been mentioned by all the Members who have made contributions so far. None the less there are some more fundamental issues, many of which concern

the proposed funding for the entire project and the manner in which the promoters of the Bill, Cross London Rail Links Ltd.—a joint venture company formed by the Strategic Rail Authority and Transport for London—have gone about their public consultation obligations. I accept that many such issues will be discussed at far greater length in the protracted formal Committee stage, assuming that the Bill gets that far.

I am the Member of Parliament whose constituency is most obviously directly affected by the proposal, which is not to demean in any way the contributions made elsewhere. However, as the central part of Crossrail goes right through my constituency from Liverpool Street in the City of London to Paddington station, I wanted to list some of the concerns on the record in advance of petitions by residents associations, local businesses and individual members of the public. The funding of infrastructure projects here in our capital city has historically been highly contentious. Sadly, if anyone believed that adding a new layer of devolved government, as this Labour Government did in creating the Mayor and the Greater London assembly only five years ago, would make things easier, they were sadly mistaken.

Mr. Walker: Does my hon. Friend agree that traditionally too much of London's money has been sent to the regions to fund infrastructure projects in the north of England and Scotland, and not enough retained in London to guarantee the future of this great city and its ability to bankroll this nation of ours?

Mr. Field: I thank my hon. Friend for that observation. I know that he is a serving councillor in the London borough of Wandsworth, so I expect he sees both sides of that argument, from the suburbs and from central London. I think he is absolutely right.

It is clear that the financing of this project remains entirely up in the air. I think we are the first to accept that businesses are willing, and have shown themselves willing, to make a contribution, but equally they want to see the colour of the Government's money. They want an idea of the likely funding structure. My greatest worry is that although we could spend months, perhaps years, talking about Crossrail, unless there is a fairly clear idea of the source of the financing, all that discussion will come to naught. It would be somewhat intellectually dishonest for any Government to advance such a scheme without having a strong idea about where the finance will come from. Without such clarity, the great worry is that many years could be spent in discussion, with the result that many lives and many properties and businesses could be blighted in the manner described by a number of Members across the House.

There is little doubt that the creation of Transport for London under the direct responsibility of the Mayor of London has at least provided a structure for transport decision making here in the capital, but the terms of the Greater London Authority Act 1999 were couched in such a way as to ensure that financial control remained firmly in the hands of central Government. I do not believe that can truly be a sensible way to proceed, although I accept that Crossrail has an importance that goes beyond the capital city. In view of Mayor Livingstone's record of financial profligacy, such control of finances might generate a collective sigh of relief from many London council tax payers who have already seen a whopping 105 per cent. increase in the mayoral precept on the London council tax over the last five years. Indeed, the prospect of Mayor Livingstone being issued a blank cheque for Crossrail is enough to make anyone shudder.

Nevertheless, the stark financial reality is that all too often this Labour Government have regarded London as a convenient cash cow. The creaking London infrastructure, especially but not exclusively that of transport, treats residents and wealth-creating businesses alike with some disdain. Most independent commentators would estimate that every year, some £12 billion of public funds is transferred from the capital to the rest of the UK and some £1.5 billion of that is from business rates alone. There is little doubt that this is beginning to have an electoral effect, and the Government should beware.

Issues of quality of life and the cost of living were increasingly important for my party in the capital during the general election campaign, and the swing from the Labour party to the Conservatives in London was greater than in any other region of the United Kingdom. I am proud that I have four hon. Friends—my hon. Friends the Members for Croydon, Central (Mr. Pelling), for Enfield, Southgate (Mr. Burrowes), for Putney (Justine Greening) and for Wimbledon (Stephen Hammond)—in seats that would have remained in Labour hands had there been only an average national swing. On the grounds of electoral self-interest alone, I hope that the Government are now listening to the voice of London. I appreciate that the trend that I have articulated has been echoed by an increasingly worried cohort of London Labour Back Benchers.

We now seek an investment commitment to Crossrail at the earliest opportunity, although I accept that there is no clear pathway to its funding. I am the first to admit that it is a complicated situation. No one is suddenly going to produce £10 billion, £15 billion or £20 billion—I think we all realise that by the time Crossrail is built the cost is likely to be at the higher end of that range—but over the past year the Mayor has been given what he and his new friends in government have euphemistically called "prudential borrowing powers" to complete the east London link, which is of course a crucial part of our Olympic 2012 successful bid, and therefore the programme for the future. In essence, that is a financial sleight of hand because the Mayor is allowed to borrow some £2.9 billion from future council tax receipts to complete the east London link. Despite the national importance of that transport project, the money will still come from London's local taxpayers. Apparently, that will be the case for the whole Crossrail scheme.

In their desperation, London's largest businesses have tried to engage with the Government and offer some money on the table. As the Minister will be aware, the current proposal is for an additional 3 per cent. surcharge on the business rate over 50 years or, indeed, for some added-value capture scheme that reflects the projected long-term increase in property values as a result of the infrastructure being created. That is understandable—everyone can support it in principle—but the difficulty is, of course, how that bit of any increase in the value of a property is calculated.

[Mr. Field]

Understandably, business has been reluctant to declare its hand fully, without a firm commitment in advance from the Government to put up the bulk of the project's costs. I hope that the Minister will give at least some indication today about where he envisages some of the project's funding will come from.

Inevitably, when the works start, there will be an immense amount of disruption to many London residents and businesses. As I mentioned in an earlier contribution, given the disruption in central London alone, I personally believe that it is very unlikely that we can go through the whole process of getting the Bill on to the statute book in enough time for work to begin before the Olympics. Nothing would be more disruptive than two or three years' upheaval in central London in the midst of the Olympics. In all honesty, I suspect that the Government already recognise that and therefore the timetable is being postponed to the middle of the next decade.

I hope that my hon. Friends from other parts of the capital and beyond will forgive me if I focus my comments on my constituency, which has some important aspects to mention. I am assured that, although some of my constituents oppose Crossrail as a matter of principle, others, even those who face disruption in their lives, recognise many of its overall benefits. However, they are worried that, without a proper funding commitment and therefore a realistic timetable for how quickly work will commence and finish, their properties will be blighted. That has not been made any easier by the fact that the erstwhile chief executive of Crossrail, Norman Haste, quit it mid-May, before the necessary parliamentary approval process commenced. To a large extent, the Government had made his job increasingly impossible by dragging their feet on the funding required to make the whole Crossrail project viable.

It is now of key importance that a full public consultation exercise take place on Crossrail's precise route in central London. The initial proposal suggested three possible routes. I am alarmed by the current proposal for a route just south of Oxford street because it is certain to cause massive disruption to the residential population of Mayfair, as well as damage to a large number of listed buildings and other residential properties. Some Members—I say this perhaps for the benefit of Labour Members—may assume that Mayfair is somehow full of hugely wealthy investment bankers who live in large, multi-million pound houses. Nothing is further from the truth: the biggest number of complaints have come from two very large Peabody Trust buildings: one off Binney street and the other in Brown Hart Gardens in Mayfair. Indeed, the great bulk of the population of north Mayfair is made up of people who live in social housing, many of whom have done so for decades and their families may have done so for several generations.

My great concern is that, in reality, they have no choice about where they live. The same applies with many of the licensing changes that are taking place. People who live in Soho, Covent Garden or Mayfair who are well off enough can decide to move if they find that the disruption is too bad, but we always forget that a significant number of people, particularly in central London, live in social housing. They have absolutely no choice about where they live. They are the most vulnerable people in our society, and they need everyone—not just hon. Members, but those in the city council, the Greater London assembly and, indeed, a range of non-governmental bodies—to stand up for their interests. I am sure that my constituency neighbour, the Under-Secretary of State for Transport, the hon. Member for Regent's Park and Kensington, North (Ms Buck), as a former Westminster city councillor, would entirely endorse what I have had to say.

If we are to minimise the complications caused by both compulsory purchase and possible structural damage, it is of key importance to give serious consideration to other routes, especially the northern interchange route. I accept that the proper place for such consideration is not the Floor of the House because that will take place in Committee. However, it is worth at least talking about the matter in limited detail at this stage so that I can put it on record.

The housing association tenants in Mayfair often have no choice about where they live, as I have said, but they face the risk of severe disruption to their community. In Gilbert street in Mayfair, for example, the 1930s educational facility will be torn down to make way for a terminus to support the Crossrail link. The apartment blocks in the area will be subjected to a minimum of six years' building work—several hon. Members have cited that time scale. Trucks will go in for at least 12 hours a day to dispose of rubble and a great deal of underground drilling will take place day and night. A shaft measuring 30 ft wide and 25 ft deep will be sunk to expel all the stale air. The residents feel that they have been neither properly informed, nor consulted. The building work will seriously disrupt the quality of life for countless local people, yet many residents are already in poor health, with some elderly and others similarly vulnerable.

Mr. Walker: Does my hon. Friend think that Crossrail has given sufficient attention to the environmental impact of the work? His concerns have been expressed by many hon. Members on both sides of the Chamber, so they seem to run though most people's arguments.

Mr. Field: My hon. Friend hits the nail on the head. There is worry that insufficient emphasis has been given to a range of environmental issues throughout the consultation. Obviously, the green belt would not be affected in my constituency as it would be in those of many other hon. Members, but we still must consider environmental factors in my area.

I would have some sympathy with any Government on this matter because some persistent complainants will not be complaining about a lack of consultation, but the outcome. If we go ahead with Crossrail—such a scheme will have net benefits—some lives will inevitably be disrupted. The scheme will clearly cost an inordinate amount, which will have an effect on business and the council tax payers of London. I suspect that some of the cost will also be met by the general coffers. We can consult until the cows come home, but we must ultimately take a decision. That is the difficult side of being in government, so perhaps it is easier to be in

opposition when considering such matters. I respect the fact that the Government must make decisions. However, we hear time and again the complaint from residents of not only central London, but the suburbs and places outside London, about a lack of consultation. I do not think that that represents average griping, but reflects a concern that I hope will be addressed in great detail in Committee.

Several interest groups, such as the Grosvenor Estate and the US embassy, which is based in Grosvenor square, have great concerns about security, which I fear have been highlighted by the terrible events of only 12 days ago, not least because some of them took place in two great pinch-points—one just by Edgware road and another by Aldgate East station. Both those places are not only right on the edge of my constituency, but very close to where much of the building work will take place at the Barbican and Paddington.

Hon. Members who have visited the Grosvenor square part of central London in the past four years will know how the change to traffic arrangements around the square has been highly disruptive to many residents in surrounding roads. The current route proposed for Crossrail, which would go south of Oxford street, is of great concern to the US embassy because it is not clear how we would be able to tackle the serious security implications of large numbers of workmen operating in the vicinity of the embassy at all hours of the day and night over several years. The Crossrail northern interchange route would link the Barbican, King's Cross and St. Pancras, and Baker Street here in central London, and connect with all airports and tube lines. It would adjoin business areas along the Marylebone road and wide areas of regeneration that would otherwise not be touched by Crossrail. Unlike the proposed Crossrail scheme, the CNIR requires only one new interchange station.

Normally, underground tunnels run under roads, parks and railways in order to reduce damage and the number of compensation claims. The authorised District and Metropolitan lines used cut and cover under roads as against narrow tube tunnels. The Jubilee line extension runs under railways for 2 km but even in that case there has been some evidence of ground subsidence. The twin Crossrail tunnels will be about 2.5 times the size, and it is clear that there will be substantial additional risk of subsidence.

In addition, construction savings are supposed to be made under the scheme by tunnelling under shallower foundations of listed buildings and conservation areas, but the Crossrail safeguarding zone has two outer areas of possible subsidence up to 400 m wide under Bayswater, Mayfair, Soho, the City, of which I shall say more in a minute or two, and Georgian Spitalfields. I could not speak with the eloquence of the hon. Member for Bethnal Green and Bow (Mr. Galloway), who defended the rights of his Spitalfields constituents but who is not present at the moment. I suspect that he was looking at the Crossrail cause célèbre in terms not just of next year's local elections but of future general elections. No doubt the issue will run and run, conveniently for him, over that period.

We are concerned that this hybrid Bill uses the Land Clauses Consolidation Act 1845 to calculate compensation for disruptive work, which is not only a denial of modern human rights law but reimburses property owners only for specific building repairs. Under EU legislation, other interested parties will inevitably qualify for full compensation, which goes directly to concerns about funding and the overall cost of the project.

I appreciate that one or two colleagues wish to speak and I am sorry to have detained the House for so long, but I want to end with some heartfelt comments from the dozens of letters that I have received from constituents in the Barbican about the likely impact to their estate. They are concerned about the effect on the structural integrity of the Barbican estate from the proposed tunnelling works and particularly from the proposed construction of the cross-over cavern under the estate. In the short term, their concerns include the environmental impact of the noise, dust, vibration and traffic congestion over the next three or four years, which are inevitable in any Crossrail development work. They are keen that the Bill should contain rules that will constrain construction activities to offer no less protection than those that apply to other contractors working in the City of London. I have continually heard concern expressed about the long-term consequences of the operation of Crossrail for the immediate environment, including the effects of noise and vibration from the operation of the railway, and that Crossrail should be designed, constructed and maintained in order to minimise the risk of such effects.

It has been a pleasure to have had an opportunity to put some of our concerns on the record. I appreciate that inevitably such debates become parochial—we are all describing the concerns that affect our constituents—but we should raise our sights a little, and in particular to the long-term benefits of Crossrail.

Stephen Pound (Ealing, North) (Lab): I thank the hon. Gentleman for the eloquent case that he has made for his constituents—not least for the huddled masses of the vast, echoing council estates of north Mayfair, whose denizens eke out a miserable existence. Does he accept that exactly the same was said at the time of the Jubilee line extension and the Victoria line works? Who remembers the inconvenience of that work and who nowadays ignores the great benefits and advantages that that has brought us? Does he not agree that, to use an infelicitous phrase, it is a price worth paying?

Mr. Field: That is entirely fair. I was coming to precisely that. We must raise our sights beyond some of the inevitable concerns expressed by our constituents. We should not ignore them and we want to do our best to mitigate them, but we must look at the long-term benefits—and we stand to experience some tremendous benefits from Crossrail. Much of my concern centres on the funding, because it is not clear where that will come from, but there is little doubt that the project will be of real benefit not only to all Londoners but to many from all parts of the country. If we are to maintain our strength and force as a global commercial city, without which this country would face grave problems, we desperately need to ensure that the project goes ahead.

Harry Cohen (Leyton and Wanstead) (Lab): The hon. Gentleman has made an excellent speech and he has put the case for his constituents—for example, in the Barbican—and the need for the quality of the work, and

[Harry Cohen]

the sensitivity with which it is done, to be of a high standard. Does he agree that the best way to achieve that is for the construction labour force to be fully trade unionised? That would improve health and safety, as well as the quality of the work.

Mr. Field: We have had such a harmonious debate and I thought that it would end on a wonderful note. I will allow the hon. Gentleman to look after his own manor. He will, no doubt, wish to speak on Thursday when we discuss the Olympic bid, if he is not doing more sensible things such as going to the test match. He must be very proud that we won the 2012 Olympic bid and I am sure that he will ensure that all the workmen who will build our new Olympic stadium are highly unionised. I hope that he will allow a more free-market approach to what happens in my constituency when it comes to Crossrail.

I have now said more than enough. I thank the House for its indulgence and I hope that the Bill gets a Second Reading. However, the debate has raised some serious concerns and I hope that the Minister will take them on board not only when he winds up tonight, but—more importantly—in the months and years ahead.

8.56 pm

Clive Efford (Eltham) (Lab): I am delighted to have this opportunity to speak in this debate, because I want to speak up for south-east London, which has long been forgotten in terms of transport infrastructure. As I have said on many occasions, we do not have direct access to the London underground. Much investment across London goes into the underground and much of the debate about London's transport is concerned with it. However, many parts of London are not served by it and we rely heavily on Network SouthEast and, where that fails, the only alternative for travel from my constituency to central London is the car. We also have over-congested roads.

Crossrail is essential to the future of London's transport network. If London is ever to make a significant attempt to meet the future needs of its commuters, the scheme is essential. However, it must be properly planned and the wider benefits for the entire community must be taken into account, not just for those in the Thames gateway or further along the Thames corridor. It has long been the experience of people from my constituency that they look on as developments take place along the riverfront. Such developments are welcome, but the planning for those schemes includes little thought about how the wider community can link into those schemes and benefit from them. London has been dogged for too long by such second-rate planning, with too often the cheapest option taken and the wider benefits unconsidered.

The population of London is projected to grow by 800,000 by 2016, and jobs in London will increase by 600,000 by that time. Along with that growth will come the demand for extra capacity on our transport network. It is estimated that Crossrail will provide some 40 per cent. of the extra capacity that London will need. It will more than double capacity through the central London corridor that is currently provided by the London underground and it will reduce journey times by up to 40 per cent. However, that does not mean that Crossrail should go ahead regardless of the wider concerns of many parts of London.

Most of the jobs that will be created over the next 10 or more years will be in the Thames gateway area, the Isle of Dogs, the City, the west end and around Heathrow. Crossrail will be vital for people who want to access these areas. Most of my constituents currently travel towards central London. In the past, London had a transport network that was rather like spokes of a wheel. People have been living in suburbs and have travelled in on rail networks. If they were lucky enough to live near the tube or "on the tube", they travelled by that means into central London. The development of the Thames Gateway and east London will change that fundamentally. I am already being approached by people who want to work on the reconstruction that is taking place in the Thames Gateway area. They want access to the Thames Gateway for training so that they can have the opportunity of taking the jobs that will be available.

The future travel patterns of people from my part of London will change completely as development gathers pace. The need to travel north across the river and possibly go east, rather than west into central London, will become more common. Crossrail needs to recognise the change that will take place.

The cost of introducing a station along the Crossrail route after it has been built would be extremely costly. That is why I want to draw attention to the amendment that was tabled by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), although it was not selected. He asks in that amendment for a railway station at Woolwich to accommodate the future needs of people from south-east London who will need to have access to the Thames corridor and the Thames Gateway area, to travel to the wider areas to which Crossrail will offer connections. We need a station at Woolwich.

Woolwich is in a strategic position in south-east London, where it could become a transport hub for that area. It makes no sense to bypass a strategic centre. It would make a mockery of the transport policies that have been published over many years, which are full of well-meaning statements about integrated transport, if we did not take the opportunity to make Woolwich a transport hub. We have the opportunity for a major infrastructure development to do just that, to become an integrated transport hub for an area of London that for too long has been deprived.

The proposals are for Crossrail trains to travel past Woolwich, the first stop south of the river being Abbey Wood. I welcome the fact that there is to be a station at Abbey Wood. However, that cannot be considered to be a strategic location for a major station and a major development such as Crossrail. Woolwich is bypassed because it is cheaper to do so. Such second-rate planning has dogged us for too long.

Woolwich is served by 18 bus routes, plus two night buses. The docklands light railway will arrive in Woolwich in 2008–09. The Royal Arsenal is being rebuilt. It is already home to thousands of people who live in the new buildings, and there are thousands more to come.

For too long the needs of south-east London have been overlooked. Twelve of London's most socially deprived wards are in the area around Woolwich. The fact that the east Thames corridor has been overlooked for too long is recognised in the Thames Gateway development programme. We cannot overlook the level of deprivation that exists south of the river in areas such as the one that I represent. If my constituents cannot access Crossrail, they will suffer enormously as developments along the Thames Gateway take place. I have already mentioned that we do not have direct access to the London underground system. We also face the problem of a lack of planning for surface transport. For example, we have seen no major developments in bus networks.

Last week, I spoke to a group of young people who were hanging around in my constituency and asked them what they did with their time. Our local cinema is close to North Greenwich station, which is in the north of my borough. I asked, " Do you ever go down to the cinema? Do you ever make your way down to the new facility there?" They said, "It is too far. The bus takes too long." We have had the Jubilee line in my borough for more than five years, but there is no direct bus link. If those young people wanted to use our local bus network to travel to the cinema close to North Greenwich station, it would take two hours out of their day. No young person will consider that. A commuter travelling to London to work will not consider that transport as an option, so a heavy burden is placed on the south-east rail network, on which there is too much reliance. It is frequently overcrowded and that forces people on to our roads. Larger schemes such as Crossrail must meet the wider needs of existing communities as well as communities that will be developed along the Thames Gateway. Buses are not regarded as an alternative for travelling into central London, so access to Crossrail is essential if we are to provide a decent transport network for people in south-east London.

The Thames Gateway is one of the biggest regeneration areas in Europe. A total of 200,000 homes will be built there, and there is capacity to build 30,000 more homes than are envisaged in the Government's housing strategy. Some 150,000 jobs will be developed in the area. Inevitably, people focus on the Thames Gateway when they talk about Crossrail, but we must look at the wider community. According to the Thames Gateway partnerships, development will benefit south-east London, but that depends on how we define south-east London. History teaches us that if we do not pay attention to problems at the outset it is expensive to put them right after the development is complete. The docklands, for instance, were developed before the docklands light railway was built. The Jubilee line was built through the docklands much later. The lack of public transport infrastructure proved to be a major fault in the development of the royal docks and it was some time before people could experience the wider benefits of the area.

I can only demonstrate what we are planning to do with Crossrail by making a comparison with the opening of the Hammersmith and City line. Imagine the trains on that route failing to stop at Hammersmith broadway and the line ending at Ravenscourt Park. Such a proposal would be met with derision. Similarly, if trains on the Jubilee line did not stop at Canary Wharf, people would wonder about the benefits of such a transport link for the communities it was intended to serve. The failure of Crossrail trains to stop at Woolwich will have a similar effect on south-east London. The area has been a poor relation of public transport development in south-east London for far too long, and we will not countenance a failure to develop Crossrail there.

Woolwich is not included in the proposals because of cost—it is not because of a lack of demand. Crossrail's own briefing says:

"Crossrail will establish a brand new network of services linking areas across London and beyond. This will allow existing suburban rail services to run through London, reducing overcrowding on Underground lines and reducing congestion at a number of busy national rail stations."

We must make that statement come true. We cannot allow the development of Crossrail to bypass people in south-east London. I sincerely hope that the Select Committee will take on board the arguments in favour of a station at Woolwich on the Crossrail line, and that the Bill will be amended accordingly.

9.9 pm

Mr. Andrew Pelling (Croydon, Central) (Con): London is a world city, and as we are competing against New York and Tokyo it is important to take note of the improvements that have been made to the connections between the mass transit system in New York and one New York airport and the augmentation of the coach system in Japan with a direct rail link into Tokyo station. Even Norway has built a rail system that runs from Gardamoen to Oslo and beyond.

I am an enthusiastic supporter of the Bill, as it provides the prospect of a direct link from Heathrow to the City of London. The City of London Corporation has long lobbied strongly on behalf of Crossrail.

Other benefits will come. The hon. Member for Dagenham (Jon Cruddas) was right to point out that the potential benefits go beyond the dry language of regeneration. For example, the London Development Agency is promoting the Thames gateway, and Crossrail offers the prospect of significant development there. It will promote further growth along the corridor beside the Thames valley, even if my right hon. Friend the Member for Maidenhead (Mrs. May) is concerned that the system will provide only 19th-century style parliamentary trains.

Mr. Scott: Does my hon. Friend agree that despite the many difficulties pointed out in the debate and questions about the remit of the Committee, the benefits of Crossrail for regeneration and jobs, and the difference that it could make to constituencies such as mine in Ilford, North can only be a good thing?

Mr. Pelling: Indeed. It is important not to forget the positive elements of the Bill, and I know that my hon. Friend is very positive about the impact that Crossrail would have on Ilford, North.

A substantial part of the Bill deals with the schedule of works and the number of shafts that will be driven down through London streets. That leaves the Government with the conundrum of when to proceed

[Mr. Pelling]

with the project, subject of course to financing. It is difficult to see it being a strong point for London if visitors to the London 2012 Olympics would be subject to such constraints. It is important to bear in mind that the proposals for Crossrail come forward at a time when Thameslink 2000 is still on the books as a project for London. The Thameslink project is further advanced in the planning approval process and the planning inspector has concluded that that scheme will be beneficial. His concerns relating to specific issues at Blackfriars, London Bridge and Borough market have been dealt with. Crossrail cannot be completed by 2012, but the Thameslink project could well be completed by then and provide beneficial links with the Olympic Javelin service to and from St. Pancras.

Improved passenger distribution from the King's Cross-St. Pancras hub would link in well with the cross-channel rail link domestic services coming in in 2009, as well as providing greater capacity for the north-south axis, which is important for London's transport. Greater capacity will also be provided on the heavily congested lines around London Bridge, a major pinch-point on the existing rail network. That is important to my constituents in Croydon.

It is good that the Bill reflects a strong intention to consult transport providers and Transport for London. In the name of joined-up government, there should also be consultation with the Olympic development authority and with transport users through the London Transport Users Committee. I listened carefully to the comments of the hon. Member for Hayes and Harlington (John McDonnell) about proper compensation. I hope that within the lines of deviation that are provided for in the Bill, flexibility will be possible, bearing in mind the effects of the Croydon Tramlink Act 1994 and the fact that people outside the lines of deviation have yet to receive any compensation whatever, even though the tram system has been in place for some time.

Other hon. Members have referred to Crossrail falling within the ambit of the Greater London authority and the Mayor, and clauses 46 and 53 allow the Government to devolve that responsibility to the Mayor. Given the Mayor's ambition to have a London rail authority, will the Minister explain in his winding-up speech whether the Government want the Mayor's ambit to extend beyond Greater London, if the line runs from Shenfield to Maidstone or, indeed, Reading?

9.15 pm

Mr. Rob Wilson (Reading, East) (Con): I will not detain the House, but I want to make some general comments about the Bill before turning to some specific concerns about Crossrail's impact on my constituency, which contains Reading station. I am grateful to my right hon. Friend the Member for Maidenhead (Mrs. May) and my hon. Friend the Member for Mid-Worcestershire (Peter Luff) for their support for Reading as the western terminus, and I am also grateful to those hon. Members who signed my early-day motion to that effect.

Nobody doubts that the construction of an east-west railway across London will have powerful economic benefits for London, and I strongly support that element of Crossrail, but the project misses a once-in-a-generation opportunity to serve the needs of the wider south-east, to which it could bring substantial economic and environmental benefits.

I understand that Crossrail is a metro scheme, not a regional commuter scheme, which exists to support the Mayor's transport strategy, but I am not sure whether that should be the case. Its scope should be much more ambitious—I would prefer a regional service linked to major transport hubs, which would make economic and environmental sense. Crossrail will not serve new and growing population centres, so the projected additional revenues barely cover the projected additional operating costs. A potential nightmare scenario involves more traffic on regional roads outside London as freight is pushed off the tracks and passengers decide that they cannot and will not accept a slow stopping service.

I am also concerned whether the project is fundable. At the moment, it will succeed only with heavy taxation of both business and individuals. Crossrail's funding gap is about £6 billion or £7 billion, although it may be more than that—my hon. Friend the Member for Cities of London and Westminster (Mr. Field) has suggested that it could be as large as £15 billion or £16 billion, which is possible, and it is unrealistic to expect either business or individuals to pay such a huge shortfall. We should not forget that Londoners will probably face a substantial bill for hosting the 2012 Olympics. Perhaps the Minister will provide us with an estimate of the cost burden of both Crossrail and the Olympics on Londoners in his winding-up speech.

I am puzzled why a railway that will serve so much of east London will not include a link to London City airport, which has poor transport links. Crossrail will not integrate with the south-east's airport network—both London City airport and Heathrow have poor transport services, and Crossrail will not serve Stansted at all. Is that really the integrated transport system that this Government promise us year after year?

I was offended by the view expressed by the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). The idea that national transport hubs should only be located in London fails to take account of the important role played by the regions. I am worried about the powers that the Bill confers. The chief executive of the BAA was right to express concerns that the Heathrow Express may find itself part of a compulsory purchase order under those powers. After what happened with Railtrack, that could further undermine economic confidence in the viability of big rail projects. The powers appear to require the rail regulator to favour Crossrail above all else. That could have an enormous impact on freight and commuter passenger services, which concerns First Great Western. I seek the Minister's assurance that freight and commuter services will have full equality with Crossrail's metro service.

I come to Crossrail's significance for my constituents in Reading, East. The project's slogan—"Crossing the capital, connecting the UK"—will certainly not be believed in my constituency. It is proposed that Crossrail should go through the relatively small communities of Iver, Burnham and Taplow, terminating at Maidenhead, while ignoring Reading, a town with a population of more than 130,000 that lies only a short distance to the west. If the project really

were to connect the UK, surely the fact that Reading railway station is already served by no fewer than four different franchises—First Great Western, First Great Western Link, South West Trains and Virgin Trains—would make it an attractive candidate for inclusion. Outside London, only Birmingham New Street is a busier station than Reading. My predecessor in Reading, East clearly understood that, as do those of all shades of political opinion in Reading when calling for the scheme's extension.

As the Secretary of State said, the extension of the scheme to Reading comes with a price tag. For approximately £300 million, the line between Reading and Maidenhead could be electrified—a small additional expense on a project estimated at £10 billion, but one that would bring many more passengers, and therefore revenue, with it. However, that would not be the end of the story for Reading. In addition to the electrification of the line between Reading and Maidenhead, the station would require resignalling, rebuilding to cope with the extra capacity required, and remodelling of the east and west junctions. The cost would be significant. However, the money should be provided by Network Rail, whose duty should be to upgrade Reading's platforms, signalling and junctions because it is already a bottleneck. Severe constraints on the First Great Western main line are placing serious capacity constraints on current and future rail operations on the regional and national rail network. I hope that the Minister will commit to meet me and local authority officers to discuss the funding of the expansion of Reading station.

With the UK's version of silicon valley based around Reading, our local businesses strongly require a direct link to Heathrow airport in addition to our direct link to Gatwick. The lack of such a link is a barrier to the future development of our town and the wider economy. Those wishing to travel to Heathrow via the existing rail service are forced to endure a wasted trip travelling from Reading to Paddington and then westward again on the Heathrow Express. Given such a significant and diverse business presence in my constituency and the surrounding area, the failure to provide such a link is, frankly, unacceptable. I would appreciate the Minister's thoughts on that and on how, for the sake of the Thames valley regional economy, it could be addressed.

It is extremely important to the regional economy that an upgrade at Reading is included in an improved version of Crossrail, whether now or in future. I therefore ask the Minister that the route as far as Reading be subject to safeguarding. That would give some comfort that an improved scheme may be designed to improve Reading at some point in the future. I am advised that that would require private legislation, but it would help if he could confirm that Ministers would be minded to approve such legislation.

I noted the Secretary of State's incredible contortions earlier today regarding his instruction to the Select Committee on the termini. It appears that those contortions reflected genuine disarray rather than any attempt to mislead the House. However, I believe that, as matters stand, that precludes the constituents of Reading, East from petitioning the Select Committee to change the termini. I therefore ask the Secretary of State to withdraw the instruction because my constituents should have the right to petition for an improved project and an improved deal for them.

In summary, I am far from convinced by the Bill. The Secretary of State's chaotic response has not given me further reassurance. The measure represents a missed opportunity to bring south-east rail transport into the 21st century and provide a significantly improved service. However, its main benefit is that it is before us today. The question with which I must therefore wrestle on behalf of my constituents is whether an imperfect scheme is better than none.

9.25 pm

Mr. John Hayes (South Holland and The Deepings) (Con): The debate has been interesting, with many important contributions. Those of Back Benchers contained rather more clarity than those of Government Front-Bench Members. Let me therefore first deal with the contentious matter of the instruction.

The Secretary of State and the Under-Secretary were confused about the instruction; let me be clear. The instruction's purpose is to interpret for the Committee the principle of the Bill. The Committee will not be permitted to accept petitions that do not deal with that principle. The custom of the House is clear: those who petition the Committee must have locus standi. In other words, they must have a special or direct interest in the concerns of the Bill or the instruction.

It is not, as the Secretary of State promised earlier, the case that anyone can petition the Committee. It is not the case, as the Secretary of State pretended earlier, that the Committee can consider any matter of its choice. The Committee is strictly guided by the instruction. Let any colleagues who were seduced by the Secretary of State's silky charms—I was not, but we Taliban Tories are hard to persuade—be clear: by voting for the instruction, they narrow the terms of the Committee's consideration so that it cannot consider some of the many important concerns that my hon. Friends and hon. Members in other parties raised today.

During our interesting debate, Hans Christian Andersen was mentioned twice and Monty Python was mentioned once. Let me raise the stakes and remind hon. Members that Leonardo da Vinci once remarked:

"Obstacles do not crush me. Every obstacle yields to stern resolve."

Benjamin Disraeli said:

"The secret of success is constancy of purpose."

Yet there has been no constancy of purpose about Crossrail on the Government's part. As my hon. Friend the Member for Rutland and Melton (Mr. Duncan) noted, the management of the project to date gives rise to great concern. Those concerns are not confined to the Opposition. Labour Members, businesses in London, commuters and the affected communities have raised anxieties about a wide range of issues.

Perhaps the most profound concern is the doubt about the funding of the project. As I said earlier, in a written question only a week ago, I asked the Under-Secretary for the latest estimated cost of the Crossrail scheme. He suggested that it was £10.29 billion. Yet today, the Secretary of State said that it was likely to be £15 billion or £16 billion. It has risen by between £5 billion and £6 billion in the space of a week.

Mr. Darling: The figure of £10.2 billion was at 2002 prices, as was made clear. The reply refers to the

[Mr. Darling]

last assessment, which was made in 2004. The price that I cited earlier is in cash terms and reflects the fact that construction did not start in 2002 but would start, on the current plans, in 2007. The prices are consequently increased. I was therefore giving the House the up-to-date cash position. I reiterate that the figure of £10.2 billion was at 2002 prices.

Mr. Hayes: So we can take from that, given the rate of inflation between 2002 and today, that the prices have not simply gone up as one might expect, but spiralled.

Mr. Darling: No, the hon. Gentleman is wrong about that. The prices reflect the fact that the construction of Crossrail would, on any view, take place over many years. So some of the money would not actually be paid until the far end of the period. In order to get a cash figure, therefore, we needed to make a calculation as to how much would be involved. The price that I quoted simply reflects the fact that one set of prices was at 2002 prices, and what I was giving the House was the cash figure that we estimate today. That is the reason for the difference. This is a perfectly conventional way of doing it, but it is important that the House should get the right picture.

Mr. Hayes: That is true. Hon. Members will understand our scepticism on this point, given the earlier confusion in the Secretary of State's mind about the instruction. They will understand if we are rather doubtful about some of the figures that he is now presenting to us. I would say to him as kindly as I can that, had we had a better defined business plan and better defined budgets, and had potential investors had a clearer understanding of the vehicles that they might use to invest in the project, the Government would not be in the mess that they are in today.

Mr. Raynsford: Will the hon. Gentleman give way?

Mr. Hayes: No, I must move on. I am going to mention the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) favourably in a moment. He might want to intervene on the back of those compliments, rather than in haste now.

Had the Government been more precise about some of the matters that I have just mentioned, much of the doubt and speculation that their uncertainty has inevitably fuelled would not have arisen. The Secretary of State may shake his head, but I have met many people associated with Crossrail—as he and the Minister will have done in the course of their business—both from the railway industry and from London business, who endorse the fact that there is a lack of clarity. The right hon. Member for Greenwich and Woolwich made an important contribution earlier. He said that we must be careful about what he described as counterproductive cost-driven delays. He went on to say that elements of the project that were eliminated to save money might in the end deter investment. Those were profound points that the Government would do well to note. I have never understood why the right hon. Gentleman now finds himself on the Back Benches.

Mr. Raynsford: I am grateful to the hon. Gentleman for giving way. I put it to him, however, that before he starts throwing stones at the Government over Crossrail, he might like to ponder his own party's record on the issue, and the uncertainty that was created in the 1990s when the Bill did not proceed because of administrative confusion and a lack of leadership from the party of which he is a member.

Mr. Hayes: The House would not want me to delve into the realms of ancient history when we have important matters before us to consider tonight.

There are real doubts about the funding of the project. There are even more profound doubts—I almost hesitate to say it—about when the Treasury really backs it. I have no doubt about the commitment of the Secretary of State and his ministerial team, but is the Treasury really behind the project? As Thomas the Tank Engine might have said, this is a case of "Hurry up, Gordon!"

There is also considerable concern about how the construction of the project could disrupt other services. The rail industry estimates that the construction will affect 2,200 freight, commuter, long-distance passenger and airport services per day, along two principal routes. In particular, freight terminals along both routes could suffer significant disruption. On the Great Western route, 12 terminals, mostly on slow lines, would be permanently affected. My hon. Friends the Members for Brentwood and Ongar (Mr. Pickles) and for Mid-Worcestershire (Peter Luff), and the hon. Member for Reading, West (Martin Salter) made the point that there is a real issue of disruption caused by displacement. We heard that that could even have an effect as far afield as Norwich and Oxford. The idea that this project should be considered solely as a metro service, and solely as the concern of London, when it has these wider implications, is way off beam.

In addition, a number of constituencies will be particularly affected. In the west, Crossrail will terminate in Maidenhead, which has an extremely busy commuter station served by fast and semi-fast trains at peak times. As my right hon. Fried the Member for Maidenhead (Mrs. May) made clear, the introduction of Crossrail not only threatens to replace those with a slow stopping service, but might reduce the number of trains, and worst of all damage that aesthetic masterpiece, the Brunel bridge. Can we really ask the people of Maidenhead to endure this for five or six years for a worse service than they have at the moment?

Mrs. May: I am grateful to my hon. Friend for reiterating the points that I made earlier about the impact of Crossrail on Maidenhead. The residents of Maidenhead will not only get a worse service and have to suffer the view of Brunel's bridge being destroyed by the electrification gantries, but the station at Maidenhead will have to be completely redeveloped. At the moment, there is no feeling that there is even the space available for the proposed depot. Is not that yet another reason why the line should go to Reading rather than stopping at Maidenhead?

Mr. Hayes: As the hon. Member for Reading, West and my hon. Friend the Member for Reading, East (Mr. Wilson) said, there is a case to be made for that, and the Select Committee should certainly consider it, which is precisely the argument of a variety of Members

in relation to its remit and terms of reference. When I heard the speech of my right hon. Friend the Member for Maidenhead, I thought to myself, "With a determined and articulate representative like that, it is no wonder that she saw off the Liberals in Maidenhead and will always do so when the test comes."

Speaking of Liberals, there are a variety of local environmental concerns, and the hon. Member for Carshalton and Wallington (Tom Brake) pointed them out. There are also fears that far from being a regional railway, Crossrail is now a metro scheme—no longer part of an integral railway network. Some say that the project is increasingly being driven by the Mayor of London—hardly the best person to deliver a train service to the people of Berkshire, Essex, Kent or elsewhere.

There is much local opposition to the proposed 24-hour maintenance depot at Rush Green. The petition had 2,302 signatories, and what a feisty campaigner they have in my hon. Friend the Member for Romford (Andrew Rosindell). I tell him, the people of Romford and the House that when we are returned to office, which will be before the project starts if this Government have anything to do with it, we will reprieve the people of Romford and consider seriously the alternative highlighted tonight by my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles)—the North Pole depot west of Paddington. When the Eurotunnel rail link is complete, that depot will become vacant, and it seems to be a suitable alternative to blighting the lives of the people of Romford, as has been properly drawn to the House's attention.

In an intervention, my hon. Friend the Member for Mole Valley (Sir Paul Beresford) expressed concerns about Heathrow. The BAA has expressed its concern:

"The Bill as drafted, combined with Crossrail's projected services, would decrease the proportion of rail passengers travelling to Heathrow."

According to a preliminary study by an independent transport consultant commissioned by the BAA, the replacement of the dedicated non-stop Heathrow Express services with stopping Crossrail services could result in the loss of 3 to 4 per cent. of Heathrow airport's public transport share. Such a result would mean that the objective increase in public transport access to the airport as required by the Government's White Paper, 2The Future of Air Transport", would not be realised. The current proposals will take over paths and platform space already safeguarded by BAA for the Airtrack project which would link Heathrow with Waterloo for the first time. Moreover, terminal 5 does not have the capacity to accommodate the Heathrow Express and Crossrail. Crossrail's proposal therefore implies that either Airtrack or Heathrow Express to terminal 5 is no longer possible. Surely it is not too much to ask that we maintain good public transport access to Heathrow airport.

As my hon. Friend the Member for Rutland and Melton said, the Bill as currently drafted threatens fundamental principles of independent regulation—another point made by my right hon. Friend the Member for Maidenhead and others. The powers under the Bill, if exercised, could negatively affect Network Rail's ability to deliver services and challenge the wider principles of independent regulation. That would threaten business confidence, with wider implications for future private sector investment.

The Crossrail Bill also creates a potential conflict. It instructs the Office of Rail Regulation to give priority to Crossrail. Clause 15 of the Olympics Bill, however, would place the ORR under an obligation to assist in the development of the Olympics, with a clear implication that it should give priority to the Olympics. Which is to come first? We heard nothing about that from the Secretary of State. Will the Minister clarify the matter, as I would have expected the Government to be absolutely clear about how Crossrail and the Olympics interact and overlap?

The Bill also threatens the expropriation of private property rights. It gives the Secretary of State power to take over, without compensation, Heathrow Express, in which BAA has invested around £750 million over the past decade.

The Select Committee must be allowed to satisfy itself in regard to: concerns about Crossrail's construction; powers taken under the Bill; and railway planning in the context of the Olympics. That is why we tabled our instruction to the Committee. The Government must address other important questions. What potential is there for capacity growth? Have the Government affirmed tonight that Reading remains the objective beyond Maidenhead, or have they merely confused the House because of their own confusion? Does the increasing involvement of the Mayor of London mean that Crossrail will remain a metro service, or will it eventually serve regional needs?

It is claimed that Crossrail will provide indirect benefits by releasing capacity at Liverpool Street station so that more trains can run from the Lee valley to Stansted. However, as my hon. Friend the Member for Mid-Worcestershire pointed out, train operators have said that that will not work because the route is already at the limit of its capacity elsewhere. Is there potential for capacity to expand to services to Stansted and other growth areas?

In his opening statement, the Secretary of State said very little that could remove the uncertainty surrounding the funding of the project. In public, business leaders say they are behind the project, and indeed they and we remain behind it in principle. In private, however, they tell me of their grave concerns about their contribution. It is not simply a question of size; they are also concerned about whether they will have a meaningful say in the project's management. If business is expected to make a major contribution, it will expect to have some say in the governance of Crossrail. I do not think that that is unreasonable, but the Government and Crossrail have only just addressed the issue.

We must get this project right. If Crossrail does not happen, that will undermine business confidence and the Government's ability to deliver part-funded infrastructure projects in the future. We know that the Government have committed themselves in a very significant way. An investigation of Crossrail in 2004 revealed that 265 staff members were involved in planning the project. According to another investigation, rents on prestige offices in St James's park for Cross London Rail Links, the parent company, were costing £745,000 a year. In answer to a question that I tabled recently, the Minister said that in the last financial year those office costs had trebled to

[Mr. Hayes]

£1,907,000. He also revealed that his Department had spent £1,937,000 on consultancy in the last financial year, in answer to a question that I tabled on 12 July.

Peter Luff: Will my hon. Friend give way?

Mr. Hayes: I happily give way to my hon. Friend, very briefly.

Peter Luff: I know that Superlink is controversial in this place, but can my hon. Friend tell me how much public money has been dedicated to it?

Mr. Hayes: I understand that the Superlink project is privately funded and I have met representatives. I do not necessarily share my hon. Friend's unbridled enthusiasm for the project, but it is important for the Select Committee to consider all the issues in our instruction, with its broader remit—as opposed to the narrow, blinkered approach recommended to the Committee by the Secretary of State and his colleagues.

Crossrail has been spending £1 million a week for the last three years, and now it wants even more money so that it can do the same for the next three years. Yet we do not know whether digging will ever begin on either of the two tunnels, or whether a single piece of track will ever be laid. There is still no clarity, there is still no business plan, there is still no well-defined vehicle for investment, and there is still no certainty about the budget. Perhaps it is the Treasury's doubts about the scheme that threaten to undermine it. Those doubts will surely grow in the light of the successful Olympic bid.

We will vote with the Government tonight because—like the hon. Member for Dagenham (Jon Cruddas), the hon. Member for Eltham (Clive Efford), my hon. Friend the Member for Mid-Worcestershire and most other Members who have spoken—we believe that an east-west link for London is vital to Londoners' quality of life and the economy of London. Londoners, however, deserve better than the mixture of muddle and delay that has characterised the Government's approach to this project—and throughout that time, millions of pounds of taxpayers' money has been spent. I suspect that under the present Government Crossrail will remain a ghost train on a phantom line.

9.44 pm

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): I am grateful to hon. Members for this valuable debate. There have been a number of contributions and I shall attempt briefly to deal with them. Our debate is not the end, but the beginning of the process. We have had a good debate and seen wide support throughout the House for the Bill. Members brought up issues that concerned them either in their own constituencies or in a wider context.

When the hon. Member for Rutland and Melton (Mr. Duncan) opened for the Opposition, he seemed very supportive of the Bill, but the hon. Member for South Holland and The Deepings (Mr. Hayes) seemed unable in his wind-up speech to enumerate any reasons why the Conservatives were supporting the Bill. He advanced reasons for being against the Bill and then said that the Opposition were going to vote in favour of it in principle. It was strange that he spent so much time doing that. I do not know whether he wants to provide any reasons for supporting the Bill now.

The concerns expressed by hon. Members and their constituents will be given a fair hearing before the Select Committee, which will consider all the material put to it in its quasi-judicial role. Those directly affected by the Bill will be able to petition against it and, if successful, their case will heard by a Select Committee both in the House and in the other place.

I want to respond to points made in the debate about the petitions and the instructions. As my right hon. Friend the Secretary of State said, it is for the Select Committee to consider the petitions that come before it. The Government have tabled an instruction that sets out the specific proposition of running a railway between Maidenhead in the west and Shenfield and Abbey Wood in the east, with intermediate stations. The purpose of the instruction is to give the Committee a clear sense of the shape and form of Crossrail. The Secretary of State made it clear on several occasions that he expects the Select Committee to be able to consider representations about and objections to the route. If the Select Committee believes that the objections have merit, it can report them to the House. The Secretary of State spelled out that the Government have chosen to take a light-touch approach to the instructions, so I expect the Committee to consider any representations that it receives. I want to make it clear that, if the Committee thinks that it cannot consider any matters that it judges have merit, the Government will be prepared to consider the terms of the instruction so that the House has every opportunity properly to discuss the Bill.

Mr. Duncan: That is very confusing. What the House says does not depend on what Ministers then say can happen but on what this House says Ministers and Committees can do. Has the Minister confirmed with the Clerks of the House that what the Secretary of State says is right—that those who petition to say that the route should be extended to Reading can be entertained? Can that happen or not?

Derek Twigg: Let me repeat what I said so that the hon. Gentleman understands it. I am making it clear that, if the Select Committee thinks that it cannot consider any matters that it judges to have merit, the Government are prepared to consider the terms of the instruction so that the House will have every opportunity properly to discuss the Bill. The Select Committee can do that.

Peter Luff: That is a wholly inadequate assurance. What the Government are saying is that they might find parliamentary time if the Select Committee objects to the nature of the instruction before it, but what the House needs tonight is an assurance that the Committee can look at the Reading option. That is what the Secretary of State said in his opening speech, but the Minister is falling woefully short of that now.

Derek Twigg: We have given a clear undertaking that we believe that it can.

I would like to deal with the contributions of hon. Members. My hon. Friend the Member for Ilford, South (Mike Gapes) made a point about the constituency benefits. He acknowledged difficulties around construction, but felt that the benefits outweighed them. He was glad to support the Bill, although he was aware that some petitions might come from his constituency. Despite the instruction, he felt that there were clear benefits from the Bill. He specifically mentioned the overcrowding of the Central line and stressed the importance of it being part of an integrated network.

My right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) made a powerful speech about several issues in his constituency, particularly about the need for a Woolwich station. As he knows, there has been considerable discussion about that. Concerns have been expressed in his constituency—my hon. Friend the Member for Eltham (Clive Efford) also made the point in his speech—about the affordability of the development and the number of passengers who would want to use the station. It would be deep underground and the depth would obviously add to the cost. I have said, and have written to my right hon. Friend, that we shall reconsider whether the proposal is possible but, at this stage, the case has not been made.

Mr. Duncan: On a point of order, Madam Deputy Speaker. To avoid the potential for judicial review on an enormous infrastructure project, may I confirm that the advice of the Clerks given to you and Mr. Speaker matches the interpretation offered to the House tonight by the Secretary of State and the Minister?

Madam Deputy Speaker (Sylvia Heal): It is not for the Chair to give advice on the interpretation of motions.

Derek Twigg *rose—*

Clive Efford *rose—*

Madam Deputy Speaker: Order. Will the Minister reply to the point of order?

Derek Twigg: I do not think that I can add to the comments that I made to the House a few moments ago.

Clive Efford: It is far more expensive to introduce a station after a line has been opened than while it is being constructed. We must take on board the fact that it will be too late to make a decision about the station after the line is completed. On what basis has my hon. Friend made the decision that the case has not been made for a station at Woolwich?

Derek Twigg: As I said when I was referring to the comments of my right hon. Friend the Member for Greenwich and Woolwich, we do not think that passenger numbers would justify a new station, as there are alternatives; nor would the cost, owing to the depth at which the tunnel would have to be built. However, I reassure my hon. Friend that, although we do not think that a case has been made, we shall look at the situation again, but I can give no guarantees at this stage.

Mrs. May: I am sorry that the Minister is getting so many interventions on this point, but I want to make a final attempt at clarification. It seems to me that the situation is this: the motion that we shall be asked to consider this evening states that the Select Committee cannot consider Reading as a terminus for the line; the Secretary of State, in his speech, said that the Select Committee can consider Reading as a terminus for the line; the legal advice from Officers of the House is that the Select Committee cannot consider Reading as the terminus for the line; the Minister has just said that the Select Committee can consider Reading, but it might not think that it can consider Reading in which case it can ask the Government if it may consider Reading. Will the Minister please clarify the situation?

Derek Twigg: We believe that it could. If the Committee comes back to us, we shall consider its recommendations.

Mr. Duncan: On a point of order, Madam Deputy Speaker. We are receiving conflicting advice and the House is very confused. I think it needs guidance from the Chair on what the motion actually means. Ministers are saying one thing, but we believe that the advice we are receiving from Clerks may say something else. It is therefore, I suggest, a matter for the Chair to give guidance to the House about what we are actually voting on and what it will mean in practice. May I seek guidance from the Chair about whether we can or cannot consider Reading under the motion before us?

Madam Deputy Speaker: The Government laid the motion before the House and it will be the responsibility of the Committee to interpret it, with advice, if necessary, from the Clerks of the House.

Derek Twigg: I shall continue to reply to the constituency issues that hon. Members have raised.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) raised several issues about the role of Network Rail, which my right hon. Friend the Secretary of State made clear earlier. My hon. Friend also referred to the effects on services and freight. That again was made clear earlier: we do not expect major effects on freight. There will be issues to consider during the construction phase, but we shall be talking to all partners and all bodies to move the process forward and come to agreement through negotiation. The compensation levels that he mentioned will be set as per the standard compensation arrangements.

The right hon. Member for Maidenhead (Mrs. May) mentioned the Reading issue, so let me make it clear why we have not included Reading. Obviously, we shall consult on that process, but we believe that the case is not made because of the passenger numbers and because we do not believe that passengers from Reading would use that service when they can use a non-stopping service to Paddington.

My hon. Friend the Member for Dagenham (Jon Cruddas) made a powerful point about economic development and regeneration and one of the many

[Derek Twigg]

benefits of Crossrail is that it will contribute to the regeneration of large parts of London, particularly the east of London. He made the point about capacity and population movements and the importance of transport in that respect.

Mr. Jim McGovern (Dundee, West) (Lab): I have listened intently and patiently to the debate and understand why most hon. Members have spoken about how this project affects their constituencies. However, I would like to ask about the national benefits. How many jobs would be created over the lifetime of the project and would the Government be able to legislate to ensure that UK companies are looked upon favourably in the tendering process?

Derek Twigg: No, we cannot legislate, but my hon. Friend raises an important point. Obviously, the chief beneficiaries are London and the south-east, but Crossrail has national benefits in terms of access to London, which hundreds of thousands of commuters use each day coming from different parts of the United Kingdom. Jobs will be created in construction and people will be employed in and around London and elsewhere as a result of the awarding of contracts, so there are national benefits that provide employment around the country.

My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) asked about airport access and BAA. There are issues there and we are talking to BAA. In fact, I recently wrote to the chief executive to discuss the concerns that BAA had.

The hon. Member for Romford (Andrew Rosindell) mentioned the potential loss of playing fields in his constituency. There will be discussions with the London borough of Havering about how those effects might be mitigated. I understand the environmental issues that he raised that affect his constituents and I am sure that he will petition strongly during the Select Committee process.

It is important to remind the House of the benefits that Crossrail will bring. I have touched on some briefly but I want to continue to outline some of those that contribute to the Bill's importance. First, Crossrail will support the development of London as a world city and its role as the financial centre of the UK and Europe. Secondly, it will support the economic growth of London and its key regeneration areas by tackling congestion and the lack of capacity on the rail network. Thirdly, it will improve rail access to and across London, reducing existing journey times.

But Crossrail is a project of national significance.

Mr. Duncan: Will the hon. Gentleman give way one more time?

Derek Twigg: No.

Mr. Duncan *rose—*

Derek Twigg: No. I am not giving way.

Mr. Deputy Speaker (Sir Michael Lord): Order. It is becoming clear that the Minister does not intend to give way at the moment.

Mr. Duncan: On a point of order, Mr. Deputy Speaker. This is a serious point. We are in a very grey area between what the Minister is saying and what the House believes it may be voting on. All I am saying is, may I, through you, invite the Minister to make it absolutely clear that petitions can include Reading, so that there is no doubt in the eyes of tonight's proceedings or potential judicial review about what we are voting for?

Mr. Deputy Speaker: I understand the point that the hon. Gentleman is making but that is rather more a matter of debate at this stage than a point of order. But perhaps the Minister would like to respond.

Derek Twigg: No, Mr. Deputy Speaker. I have made the position very clear. [HON. MEMBERS: "No, you have not."] I am not going to go over the ground again. In terms of the transport benefits, Crossrail will enable better access to the capital for the hundreds of thousands of workers who commute into London every day and provide strategic interchanges for local, national and international business and leisure activities. I commend the Bill to the House.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 394, Noes 24.

Division No. 44] **[9.59 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Mr. Alan
Bell, Sir Stuart
Bellingham, Mr. Henry
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bone, Mr. Peter
Borrow, Mr. David S.
Boswell, Mr. Tim
Bradshaw, Mr. Ben
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy

Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donaldson, Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Duncan, Mr. Alan
Dunne, Mr. Philip
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Fabricant, Michael
Farrelly, Paul
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gauke, Mr. David
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Holloway, Mr. Adam
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horam, Mr. John
Horwood, Mr. Martin
Howarth, David
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mr. Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Mr. Greg
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, John
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Vaz, Keith
Vis, Dr. Rudi
Walker, Mr. Charles
Walley, Joan
Waltho, Lynda
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy

Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Ian Cawsey and Tony Cunningham

NOES

Afriyie, Adam
Amess, Mr. David
Binley, Mr. Brian
Davies, Philip
Duddridge, James
Forth, rh Mr. Eric
Galloway, Mr. George
Hollobone, Mr. Philip
Hosie, Stewart
Leigh, Mr. Edward
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Luff, Peter
Paterson, Mr. Owen
Penrose, John
Robertson, Angus
Robertson, Mr. Laurence
Spink, Bob
Turner, Mr. Andrew
Wallace, Mr. Ben
Walter, Mr. Robert
Weir, Mr. Mike
Williams, Hywel
Wishart, Pete

Tellers for the Noes:
Andrew Rosindell and Mr. Mark Lancaster

Question accordingly agreed to.

CROSSRAIL BILL *[MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Crossrail Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(a) any expenditure incurred by the Secretary of State in consequence of the Act, and

(b) any increase attributable to the Act in the sums payable out of money so provided under any other enactment.—*[Mr. Coaker.]*

Question agreed to.

CROSSRAIL BILL *[WAYS AND MEANS]*

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Crossrail Bill, it is expedient to authorise the making of provision about income tax, corporation tax, capital gains tax, stamp duty, stamp duty land tax and stamp duty reserve tax.—*[Mr. Coaker.]*

Question agreed to.

CROSSRAIL BILL [SELECT COMMITTEE]

Motion made, and Question put forthwith, pursuant to Order [this day],

That the Bill be committed to a Select Committee of 10 Members to be nominated by the Committee of Selection.

That there shall stand referred to the Select Committee—

(a) any Petition against the Bill presented by being deposited in the Private Bill Office at any time not later than 16th September 2005, and

(b) any Petition which has been presented by being deposited in the Private Bill Office and in which the Petitioners complain of any amendment as proposed in the filled-up Bill or of any matter which has arisen during the progress of the Bill before the Select Committee,

being a Petition in which the Petitioners pray to be heard by themselves, their Counsel or Agents.

That, notwithstanding the practice of the House that appearances on Petitions against an opposed Private Bill be required to be entered at the first meeting of the Select Committee on the Bill, in the case of any such Petitions as are mentioned in sub-paragraph (a) above on which appearances are not entered at that meeting, the Select Committee shall appoint a later day on which it will require appearances on those Petitions to be entered.

That any Petitioner whose Petition stands referred to the Select Committee shall, subject to the Rules and Orders of the House and to the Prayer of his Petition, be entitled to be heard by himself, his Counsel or Agents upon his Petition provided that it is prepared and signed in conformity with the Rules and Orders of the House, and the Member in charge of the Bill shall be entitled to be heard by his Counsel or Agents in favour of the Bill against that Petition.

That the Select Committee have power to sit notwithstanding any adjournment of the House, to adjourn from place to place and to report from day to day the Minutes of Evidence taken before it.

That three be the Quorum of the Select Committee—*[Mr. Coaker.]*

Question agreed to.

CROSSRAIL BILL [INSTRUCTION]

Motion made, and Question put forthwith, pursuant to Order [this day],

That it be an instruction to the Select Committee to which the Crossrail Bill is committed—

(a) that the Select Committee, without comment, report to the House for its consideration any issue relating to the environmental impact of the railway transport system for which the Bill provides that is raised in a petition against the Bill, but which the Select Committee is prevented from considering by the practice of the House; and

(b) that, in applying the practice of the House, the Select Committee treat the principle of the Bill as including—

(i) the termini of the railway transport system for which the Bill provides, and

(ii) the provision of intermediate stations at Paddington, Bond Street, Tottenham Court Road, Farringdon, Liverpool Street, Whitechapel, the Isle of Dogs and Custom House.—*[Mr. Darling.]*

The House divided: Ayes 311, Noes 114.

Division No. 45] **[10.16 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin

Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Tony Cunningham and Mr. Ian Cawsey

NOES

Afriyie, Adam
Amess, Mr. David
Atkinson, Mr. Peter
Beith, rh Mr. Alan
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Davies, Philip
Davies, Mr. Quentin
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Mr. Alan

Dunne, Mr. Philip
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Galloway, Mr. George
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Mr. Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mr. Mark
Jack, rh Mr. Michael
Kawczynski, Daniel
Knight, rh Mr. Greg
Lancaster, Mr. Mark
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Luff, Peter
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
Mercer, Patrick
Murrison, Dr. Andrew
Öpik, Lembit
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Simpson, David
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Andrew Selous and
Mr. Henry Bellingham

Question accordingly agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 20th July, proceedings on the Motion for the adjournment of the House relating to matters to be considered before the forthcoming adjournment may continue for two hours, and shall then lapse if not previously disposed of; and proceedings may continue after the moment of interruption.—*[Mr. Coaker.]*

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With permission, I shall put together motions Nos. 10 to 27.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Northern Ireland Act 2000 (Modification) (No. 2) Order 2005, which was laid before this House on 25th May, be approved.

COMPANIES

That the draft Companies Act 1989 (Delegation) Order 2005, which was laid before this House on 25th May, be approved.

TRANSPORT

That the draft Railways Act 1993 (Determination of Turnover) Order 2005, which was laid before this House on 14th June, be approved.

CIVIL CONTINGENCIES

That the draft Civil Contingencies Act 2004 (Amendment of List of Responders) Order 2005, which was laid before this House on 14th June 2005, be approved.

CIVIL PARTNERSHIP

That the draft Civil Partnership (Contracted-out Occupational and Appropriate Personal Pension Schemes) (Surviving Civil Partners) Order 2005, which was laid before this House on 15th June, be approved.

That the draft Civil Partnership (Pensions and Benefit Payments) (Consequential, etc. Provisions) Order 2005, which was laid before this House on 29th June, be approved.

That the draft Civil Partnership (Amendments to Registration Provisions) Order 2005, which was laid before this House on 22nd June, be approved.

CONSTITUTIONAL LAW

That the draft Fire (Scotland) Act 2005 (Consequential Provisions and Modifications) Order 2005, which was laid before this House on 7th June, be approved.

That the draft Further and Higher Education (Scotland) Act 2005 (Consequential Modifications) Order 2005, which was laid before this House on 7th June, be approved.

That the draft Mental Health (Care and Treatment) (Scotland) Act 2003 (Consequential Provisions) Order 2005, which was laid before this House on 7th June, be approved.

INCOME TAX

That the draft Partnerships (Restrictions on Contributions to a Trade) Regulations 2005, which were laid before this House on 28th June, be approved.

PENSIONS

That the draft Pension Protection Fund (Reference of Reviewable Matters to the PPF Ombudsman) Regulations 2005, which were laid before this House on 29th June, be approved.

That the draft Pension Protection Fund (PPF Ombudsman) Amendment Order 2005, which was laid before this House on 29th June, be approved.

That the draft Pension Protection Fund (Investigation by PPF Ombudsman of Complaints of Maladministration) Regulations 2005, which were laid before this House on 29th June, be approved.

WATER INDUSTRY

That the draft Water Act 2003 (Consequential and Supplementary Provisions) Regulations 2005, which were laid before this House on 8th June, be approved.

That the draft Water Supply Licence (Modification of Standard Conditions) Order 2005, which was laid before this House on 8th June, be approved.

LEGAL SERVICES COMMISSION

That the draft Community Legal Service (Scope) Regulations 2005, which were laid before this House on 21st June, be approved.

That the draft Community Legal Service (Cost Protection) (Amendment) Regulations 2005, which were laid before this House on 21st June, be approved.—*[Mr. Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

ACCESS TO JUSTICE

That the Revised Funding Code prepared by the Legal Services Commission, a copy of which was laid before this House on 27th June, be approved.—*[Mr. Coaker.]*

Mr Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 20 July, pursuant to Standing Order No. 41A (Deferred Divisions)

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

WORKING CONDITIONS ON INTEROPERABLE CROSS-BORDER RAIL SERVICES

That this House takes note of European Union Document No. 6364/05, draft Directive on the agreement between the Community of European Railways (CER) and the European Transport Workers' Federation (ETF) on certain aspects of the working conditions of mobile workers assigned to interoperable cross-border services; recognises the importance of the social dialogue process; acknowledges the Government's efforts to secure the application of Better Regulation principles to this proposal; and welcomes the European Commission's declarations on Article 3 of the Directive and on monitoring of the development of the rail sector.—*[Mr. Coaker.]*

Question agreed to.

COMMITTEES

FINANCES AND SERVICES

Ordered,

That Charlotte Atkins, Sir Stuart Bell, Mr Clive Betts, Mr Crispin Blunt, Mr Geoffrey Clifton-Brown, Mr Frank Doran, Mr Thomas McAvoy, Mr John Randall, Andrew Stunell and Mr Dave Watts be members of the Finance and Services Committee.

Ordered,

WELSH AFFAIRS

That Mr Stephen Crabb, David T.C. Davies, Dr Hywel Francis, Nia Griffith, Mrs Siân C. James, Mr David Jones, Mr Martyn Jones, Mrs Madeline Moon, Mrs Betty Williams and Mark Williams be members of the Welsh Affairs Committee.

Ordered,

SCIENCE AND TECHNOLOGY

That Adam Afriyie, Mr Robert Flello, Dr Ian Gibson, Dr Evan Harris, Dr Brian Iddon, Margaret Moran, Mr Brooks Newmark, Anne Snelgrove, Bob Spink, Dr Desmond Turner and Mr Phil Willis be members of the Science and Technology Committee.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

Mr. Alistair Carmichael (Orkney and Shetland) (LD): On a point of order, Mr. Deputy Speaker. May I ask whether you have had a request from the Secretary of State for Defence to make a statement to the House on the future of the Saxaford RAF station in Unst in Shetland? It has been reported to me today that it is the intention of the Ministry of Defence to make a statement on the future of Saxaford on Thursday, which would be the last sitting day of this Session. I am reminded of the comments of Mr. Speaker in relation to the conduct of the Ministry of Defence in dealing with the future of the RAF bases at Lossiemouth and Leuchars. The RAF station at Saxaford has been an integral and valued part of Unst's community for many years. Unst is one of the remotest—

Mr. Deputy Speaker: Order. I have got the drift of the hon. Gentleman's point of order. I have no knowledge of a Minister coming to make a statement on the matter that he raises, but he has made his point and his comments are firmly on the record.

PETITIONS

Community Halls

10.32 pm

Bob Spink (Castle Point) (Con): This petition stems from a general concern across Castle Point about the future of community halls, a concern that I share. I am therefore delighted to present the petition tonight. Residents rightly believe that such halls belong to the people, not to the council. The council simply holds them in trust for the community, and particularly for the vulnerable groups that use them most. The council has a duty to ensure that the halls are kept in a state of good repair and can be used at reasonable cost by the community.

The petition is promoted by George Hogbin, chairman of the Triangle club, Mr. Evers, Paul Noonan and others. It reflects deeply and widely held concerns about community halls in Castle Point. It states:

To the House of Commons.

The Petition of Castle Point Triangle Club for blind and partially sighted people and others,

Declares that the Petitioners are deeply concerned that Castle Point Borough Council is considering closing Swans Green Hall. The Petitioners further declare that the Hall is of great importance to them and to many other user groups.

The Petitioners therefore request that the House of Commons urge the Government to take steps to ensure that Swans Green Hall and other community halls in Castle Point are kept open and fully available for the groups which use them.

And the Petitioners remain, etc.

To lie upon the Table.

Rhuddlan Borough (Debt)

10.33 pm

Chris Ruane (Vale of Clwyd) (Lab): In 1999, as a member of the Welsh Affairs Committee, I asked the Committee to consider the issue of Rhuddlan borough debt—a financial scandal in my constituency involving millions of pounds of European funding. The petition relates to that inquiry.

The petition states:

To the House of Commons.

The Petition of the people of Prestatyn and Meliden and others

Declares the significance of the work undertaken by the Welsh Affairs Committee of the House of Commons in 1999 on the issue of Rhuddlan Borough debt. The Petitioners further declare that they agree with the conclusion of the report which states that "Rhuddlan did not just leave a legacy of debt, but a legacy of innovative developments. It is now up to Denbighshire County Council to promote these projects positively."

The Petitioners therefore request that the House of Commons urge Denbighshire County Council to re-open the Ffrith Festival Gardens and fully utilise this public investment in accordance with the wishes of the people of Prestatyn and Meliden.

And the Petitioners remain, etc.

To lie upon the Table.

Antisocial Behaviour (Micro Bikes)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Coaker.]*

10.35 pm

Alison Seabeck (Plymouth, Devonport) (Lab): I am pleased to have the opportunity to raise an issue that seriously concerns many of my constituents, the police and other organisations. The debate is particularly relevant as we approach the school summer holidays.

What are micfo bikes or mini motos? They are small—the diameter of the tyres is typically between 4 and 6 in. They have two-stroke engines, which means that they are capable of speeds up to 35 mph, although fitting a supercharger allows speeds up to 40 mph. That is much faster than, for example, the speed limit in home zones, which is 20 mph. They can be bought from shops, second hand or on the internet.

Micro bikes can be used on the road if the driver has the proper equipment and if they are taxed, insured and MOT-ed. I sought clarification, because a number of local people were unclear about that point, and the Department for Transport wrote to me on 15 June:

"It has always been our opinion that vehicles powered by a motor (whether combustion or electric) are mechanically propelled and therefore are defined as motor vehicles . . . This means that, in our opinion, to be used on the road mini motorcycles . . . would be required to meet all the attendant requirements under the Road Traffic Act 1988, such as compliance with stringent construction regulations, registration, road tax, insurance and MOT testing. The rider would be required to hold an appropriate driving licence"—

we will return to that point—

"and wear a suitable motorcycle helmet."

That is not happening in Plymouth.

When parents buy those bikes for their children, I am sure that most of them intend the bikes to be used legally, but unfortunately they are not. A number of parents think that the bikes are toys, but they are toys capable of 40 mph. How are the bikes marketed? In Plymouth, people tell me that retailers are responsible and provide appropriate advice when they sell those machines. At last weekend's successful Plymouth motor show, I overheard a vendor tell a potential customer that the bikes should not be used on the roads, but that advice is either not being listened to or simply being ignored.

I saw the danger posed by those bikes when I visited a park in Barne Barton in my constituency with Councillor Williams and Councillor Blackburn. It was a lovely sunny April day and the park was full of toddlers, when two mini bikes suddenly raced down the hill and through the park. They were piloted by a 10-year-old and a 14-year-old, who were completely oblivious to the fact that two-year-olds and three-year-olds have no sense of danger and would not leap out of their paths. Parents frantically pulled away their children as the bikes scooted through the park, out of the park, along a public road and back to the top of the park, where two new riders took over and did exactly the same thing.

The police were called and attended very quickly, but as soon as they arrived, the motor cyclists disappeared. One of the police officers, who was very experienced, said that he is frustrated that he cannot chase those youngsters on to the public road for obvious safety

reasons—the bikes are very small and can barely be seen above a car bonnet, so the danger is all too apparent. To their credit, the police returned to the park later in the day and apprehended one of the bike users, which was a positive outcome.

The problem is extremely widespread, and I gather from colleagues that they have similar problems. In Ernesettle, I saw a father and son on public land. The son, who was six or seven years old, was admittedly fully kitted out with helmet and leathers and riding on the grass, but the father had none of those things—he had bare legs, nothing on his head, and a bike without a registration plate, and was on the public road riding alongside the child. They left as I approached.

The problem gets worse in woodland areas such as Whitleigh and Ham woods, where it starts to approach serious antisocial behaviour whereby local residents are being harassed and threatened by people using these small bikes. I shall read from a letter that was sent to me by someone who lives in the Whitleigh woods area and wrote anonymously because they were afraid of reprisals. They say:

"There is no pleasure in walking through the woods or sitting or working in the garden anymore. In fact I dread any nice weather. To invite friends round for a barbecue is totally out of the question as the motorcyclists can descend at any time and I get so frustrated and angry that there is no point in arranging anything."

The writer goes on:

"I have tried to speak to these youngsters to appeal to their good nature but they will not even speak to me but race off".

That person says that their life is being made an absolute misery. Sadly, that letter is not unique—I have had letters, phone calls and petitions on the same subject.

What should be done? There are several areas of possible action, and perhaps information that could be beefed up, and I should like the Minister to consider them. I admit that some may require interdepartmental discussions. First, although it is probably too late now, there should be an information campaign in schools, perhaps with posters. In areas where there are particular problems, letters should go home to parents explaining exactly who can use these bikes, how they should be used, and where they can be used legally, as well as the penalties for breaking the law, which can be quite severe.

Secondly, when the law is broken and the culprit is caught and convicted, of course the penalty should be paid. However, the courts need to be clear about the status of these bikes. Anecdotally, there are comments that some magistrates see them as being in a different category from full-size bikes, yet they are just as dangerous and potentially lethal. The police already have powers to confiscate them, and there is a view locally that if they have been used illegally, they should not only be confiscated but crushed and taken out of the market so that the young people who are buying them might begin to focus on just how serious offence they may have committed.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I congratulate my hon. Friend on securing this important Adjournment debate. The citizens of Coventry share many of the frustrations and inconveniences of those of Plymouth. Does she agree, and can the Minister confirm, that the police do have powers to impound bikes if fines, which can be £200, £120, £80 and £15 per day, are not paid within seven days? The bikes are being responsibly retailed, but police and magistrates are too unsure of their powers to give effect to them.

Alison Seabeck: I thank my hon. Friend for reinforcing the points that I have made. I wholly agree with him.

We have new legislation that relates specifically to antisocial behaviour and gives the police new powers in other areas over and above those specific to these machines, but they seem mainly to deal with larger groups of youths, and the bikes are often used singly or in pairs. Could riders be the subject of on-the-spot fines for using them in an antisocial, if not an illegal way? I welcome the powers that allow the police to establish dispersal zones. It may be possible for the woodlands area to become a dispersal zone but if that happened, could the behaviour within it be proscribed? Could the use of motor bikes in that area be specified or would innocent young people, who might be gathering in the woods for harmless purposes, be caught? That is the last thing I want. I would therefore welcome clarification on that.

Thirdly, I have seen no registration numbers on the bikes. I assume that, if they are to be used on public roads, they should be registered. To be honest, I have doubts about whether they should be allowed on public roads because they are invisible to most car users. I would therefore welcome it if my hon. Friend the Under-Secretary discussed with his colleagues in the Department for Transport whether we could realistically consider banning them from public roads.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): My roving advice bureau on the roads around Woolmore road in Erdington on Friday was dominated partly by the complaints of householders about the bikes and partly by the noise of the bikes themselves. I have serious doubts about whether they can be used safely and reasonably anywhere. They are a menace, they make an appalling noise and they must be dangerous. The message has to go to the police, local authorities and parents to use all their powers fully to clamp down on them.

Alison Seabeck: My hon. Friend's description exactly applies to my local area.

My fourth point is about adverts and whether those placed in local papers and on the internet can be controlled. To give only one example, Shop.Com advertises the machines under the heading "Boys Stuff". The opening paragraph states:

"Experience the rush of motorbike racing in the park or the garden, with no licence required!"

That encourages illegal behaviour effortlessly. I do not know how many people have gardens that are large enough for riders to achieve a speed of 35 mph but there are not many in my part of Plymouth. Simply to excite people, the advert continues:

"Serious thrillseekers and hedonists should waste no time in climbing aboard one of these."

It tells people that they can achieve

"amazing speeds of approximately 37 mph, which feels mindblowing when you're a matter of inches from the ground."

[Alison Seabeck]

It may well be mind-blowing but the thought of a child going at such a speed is terrifying.

At the very end, the advert states that it is illegal to use the bikes on the public highway but only after it has stimulated people, misled them and encouraged illegal behaviour. I would therefore like measures to ensure that, wherever the bikes are sold—in shops, second hand or on the internet—they are accompanied by a clear health warning about how and where they should be used.

Fifthly, will the Home Office please discuss with other Departments the way in which we can encourage the establishment of areas for safe, off-road use of the bikes? I have evidence from around the country of police forces—to their credit, it is largely police forces—who are trying to find venues for off-roading. The police in Plymouth are trying but the site that they found was opposed by residents on the ground of noise, which my hon. Friend the Member for Birmingham, Erdington (Mr. Simon) highlighted earlier. In Torbay, PC Chris Lancaster is fighting for the young people in his area and thinks that he has found a venue. In Portsmouth, PC Andy Burnham, who is no relation to the Under-Secretary of State for the Home Department, my hon. Friend the Member for Leigh (Andy Burnham)—I do not believe that he has a second career—is trying to set up a summer scheme, which provides helmets and a safe venue where young people can enjoy the micro and mini moto bikes. I am sure that, when used properly, they are great fun and we do not want to spoil anybody's fun.

As the summer holidays approach, I want to put on record my genuine anxiety that some extremely serious accidents could happen. The use of the bikes has increased significantly and there is a lack of public and especially parental awareness about how they should be used legally.

As a parent, I have to say that the thought of a 10-year-old going through a public park at 35 mph with no safety equipment is shocking and frightening. I hope that the Home Office will do all that it can through its agencies to distribute information, as well as considering how we can clamp down on the illegal use of these machines without spoiling the fun of the genuine rider.

10.50 pm

Kerry McCarthy (Bristol, East) (Lab): I congratulate my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) on securing this debate. This is certainly one of the biggest issues in my constituency, and every other Member I have spoken to has said that it is an issue on their patch as well.

I should like to quote from a response that I received to a complaint that I raised with a local police inspector. He wrote back to say that the problem was

"a growing menace across the whole of Bristol",

not just in my area. I shall give just one example from my patch. I was visited at my surgery a couple of weeks ago by residents living close to the Dundridge Farm playing fields in St. George in my constituency, where motor cyclists cause a nuisance in the fields, disturbing the peace of children playing there and of people walking their dogs. They also exit the field at speeds of up to 35 mph, racing across the pavement into the road, nearly knocking down pedestrians in the process and sometimes going into the path of passing cars. It is only a matter of time before a serious accident occurs. Indeed, in Warmley, not far from my constituency, at the end of June a six-year-old boy was knocked down by a mini-motor bike driven by a 16-year-old who rode off, leaving the little boy covered in blood.

I am pleased that the police in my constituency have assured me that they are taking the issue very seriously, and that they are using their powers under the Police Reform Act 2002 to seize bikes that are being used in an antisocial manner. They also hope to make an early example of a few offenders, so that we can mount a publicity campaign. They have told me that they want to see this issue on the front page of the Bristol *Evening Post*, so that they can get the message across that the activity is not only illegal in some cases but incredibly dangerous. I want to do all that I can to support them in that.

10.51 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): My hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) concluded her remarks by saying that she wanted to place her concerns clearly and firmly on record. She has done that this evening, and I congratulate her on securing this important debate and on raising these issues.

It is clear that problems associated with mini motos are on the increase, and it was made clear by the contributions from my hon. Friends the Members for Bristol, East (Kerry McCarthy), for Coventry, North-West (Mr. Robinson) and for Birmingham, Erdington (Mr. Simon) that these issues are also a matter of concern for their constituents. There is a range of powers that can be used to deal with the illegal use of these vehicles, especially when they are being used in an antisocial manner. However, it is clear that these powers need to be used with some urgency in some of the areas that have been mentioned.

It might be helpful if I say a little more about the type of vehicle and bike to which we are referring in this debate. The term "mini motos" covers both petrol-driven mini-motor bikes, which are fast vehicles, as well as the slower go-peds, which is the common name for electric and petrol-driven scooters. Quad bikes are sometimes classed as mini motos, but there is a fundamental difference between them, which I will explain in a little more detail later in my speech.

Petrol-driven mini-motor bikes are small bikes that replicate racing bikes and off-road scrambler bikes. They stand only 23 in high, and my hon. Friend the Member for Plymouth, Devonport clearly illustrated the problems that that can cause. They have an engine size of about 50 cc, and some can travel at speeds up to 60 mph, which I know will be of concern to my hon. Friend. They can cost up to £500. Go-peds look similar to the old fashioned push-scooters that you and I might remember pushing around in our younger days, Mr. Deputy Speaker, but they have an engine block around the back wheel, and can travel at speeds around 20 mph. They can cost up to £1,000. However, there are

now lower-cost models on sale for around £100, and there is a growing second-hand market in all types of mini motos.

The term "mini moto" and the problems associated with their irresponsible use are relatively new phenomena. It is probably fair to say that many members of the public, particularly parents, are generally unaware of the health and safety implications of these bikes, or of the legislation governing their use. These vehicles are being sold without any age restrictions and are becoming increasingly popular among young people. Prices continue to fall and the number of retailers selling them has also increased. Currently, the majority of such vehicles are bought over the internet, through mail order and from specialist shops, but some high street stores are beginning to sell lower-priced, lower-speed models.

There is a growing sport around mini motos, but in many instances, as my hon. Friends have described, they are being used illegally. Information on the number of incidents associated with mini motos is not collected centrally by the Government, but the Home Office has received some general information on their misuse, which suggests that the problem is increasingly widespread. Colleagues in the Department for Transport are also concerned about the implications for road safety, because the majority of users are riding illegally on roads and pavements without any safety equipment. Mini motos are sold as toys and are not manufactured, licensed, taxed or insured to be ridden on a road.

Mr. Peter Bone (Wellingborough) (Con): I congratulate the hon. Member for Plymouth, Devonport (Alison Seabeck) on securing this debate, on a subject that is a huge problem in Wellingborough. I will be brief. As such vehicles should not be used on the roads, is such use to be made clearly illegal? There seem to be some doubts within the police on this issue.

Paul Goggins: I was about to clarify that point. The advice given to my hon. Friend the Member for Plymouth, Devonport by the Department for Transport is accurate. It is possible for a mini moto to be ridden legally on a road, but for that to happen it would have to meet certain construction standards, such as the requirements demanded by European directive 2002/24/EC. It would be prohibitively expensive to convert such a vehicle to that standard. Quad bikes, however, are built to that standard, so it is possible for them to be properly licensed and used on the road. By and large, however, mini motos are bought, sold and used as toys, and are not built to the standard that would allow them to be taxed, licensed and used on the roads.

As far as the Department for Transport is concerned, there are no age restrictions on the purchase of any motor vehicle. The restrictions are placed instead on how and where vehicles can be used. Let me make it absolutely clear, bearing in mind that mini motos are unlikely to be used legally on the roads due to the excessive cost of conversion and raising the standards as I have described, that the only place where they could be used legally is on private land and with the owner's consent, which in many instances, particularly in constituencies such as that of my hon. Friend the Member for Plymouth, Devonport, would be land owned by the local authority. Steps could be taken by retailers, for example, who could make information much more readily available when the bikes are purchased about the legal position on the use and requirements of mini motos. While many such vehicles are purchased by adults who then give them to their children as gifts, the relevant Departments will examine the possibility of encouraging retailers to do more about this issue.

The most commonly used legal power for dealing with mini motos is under the Police Reform Act 2002. It allows a constable in uniform, after giving a warning to the rider, to stop and seize a motor vehicle if he or she has grounds for believing that it is being used in a careless and inconsiderate manner, that it is being used illegally off-road, or that it is being used, or is likely to be used, in an antisocial manner, causing harassment, alarm or distress. If the police confiscate vehicles using that power before the owner can take back the vehicle, a release fee of around £120 must be paid. Information coming back to the Home Office suggests that that is proving to be a successful tool for dealing with misuse, notwithstanding the remarks of my hon. Friend the Member for Coventry, North-West.

Mr. Geoffrey Robinson: Precisely on that point, will the Minister confirm that the Driver and Vehicle Licensing Agency—which I know is not his immediate department responsibility, but there must be liaison between the two Departments—has taken legal advice, and that because such vehicles have no tax, they categorically cannot be driven on roads, and the police therefore have absolute authority to impound them and apply the fines? Whatever we do to encourage more responsible marketing and retailing, we cannot inhibit the internet trade. The only effective measure is therefore to make defying the law prohibitively expensive. Will he clarify that?

Paul Goggins: I can certainly confirm that to be used legally on the road, such a vehicle would have to meet a high standard. It would be prohibitively expensive to convert one for the purpose. It is clear that people do not buy these vehicles intending to use them legally on the road.

Mr. Geoffrey Robinson: What about the tax?

Paul Goggins: The question generally does not arise, for the reasons that I have given. It is clear, however, that when the vehicles are used illegally they can be impounded. The release fee has to be paid, and, as my hon. Friend the Member for Plymouth, Devonport suggested earlier, if it is not paid, the vehicle can be crushed.

When one of these vehicles is ridden on the pavement, the police can treat that as an offence under the Highways Act 1835. The maximum penalty is £500. When the rider is a child, the police may choose instead to warn him and advise his parents as necessary. The police also have powers of arrest when there are

[Paul Goggins]

reasonable grounds for believing that such action is necessary to prevent the rider of the mini moto, or motor cyclist, from causing physical injury to himself or to any other person.

When someone commits a driving offence but does not hold a current driving licence, for example by virtue of his or her age, a court can still order the endorsement of the offender's licence. The offender may not have a licence, but when he or she applies for one, the endorsement will automatically feature on it.

Local authorities also have powers to manage such problems. They can make byelaws under section 235 of the Local Government Act 1972, prohibiting the use of mini motos, or any other vehicle for that matter, in particular areas. While byelaws cannot duplicate general legislation, they can be used to prohibit the use of mini motos in shopping-centre car parks, pedestrianised areas and the like. Furthermore, local authorities are required under section 79 of the Environmental Protection Act 1990 to take reasonable steps to check their areas periodically for existing and potential statutory nuisances. My hon. Friend mentioned the noise made by some vehicles. If they are causing excessive noise, a local authority can serve a noise abatement notice and can seize the vehicle that is causing the nuisance. If a person uses mini motos repeatedly and causes excessive nuisance in the community, the local authority can apply for an antisocial behaviour order to prohibit him or her from using them.

I am pleased to be able to tell my hon. Friend that last week, in response to the increase in problems associated with mini moto misuse, officials from the antisocial behaviour unit at the Home Office held an action day on the issue. It was attended by more than 100 staff from all over the country, bringing together local authorities, police and others to share ideas and good practice. The purpose was to encourage staff to take action against the misuse of mini motos, and attention was drawn to a number of specific interventions.

It is important for us to do all that we can to raise awareness of the issues, as my hon. Friend has been able to do this evening. She made some very sensible suggestions about the use of leaflets, campaigning materials and information that can heighten awareness among members of the public who may not appreciate the dangers and the legal position. I want to encourage local authorities to work with trading standards authorities, and to ensure that local retailers are acting responsibly. That may involve the production of appropriate leaflets that retailers can distribute when vehicles are sold.

It is worth engaging the support of local petrol stations, especially in areas where misuse is recognised as a problem, to ensure that petrol is not sold to anyone under 16. If under-age sales are suspected, trading standards authorities can carry out test purchasing, which may result in the removal of a licence to sell petrol. Local authorities and police can also use their reporting systems to gather intelligence if they have antisocial behaviour hotlines, or information provided through neighbourhood and community wardens. That information can be used to target problem areas with high-visibility patrols or leaflet drops.

Local authorities can also help to discourage misuse by making physical improvements to public areas. My hon. Friend suggested designating certain areas safe for the use of mini motos, and I think that that would be a good idea.

There is a great deal of work going on. If more action days are required, the Home Office will be happy to sponsor them, but I think my hon. Friend has done a service to the House and her constituents tonight. I assure her that we will keep a close eye on what happens. I hope that in the coming months we shall see a far more responsible approach—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at five minutes past Eleven o'clock.

House of Commons

Wednesday 20 July 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Antisocial Behaviour

1. **Mrs. Madeleine Moon** (Bridgend) (Lab): What recent discussions he has had with ministerial colleagues and the First Minister on antisocial behaviour in Wales. [12326]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend the Home Secretary recently published new guidance encouraging councils to use publicity to help to enforce individual antisocial behaviour orders.

Mrs. Moon: My local free paper, *The Recorder*, carries this dire warning on its front page: "Yobs will cause a death: RNLI warns 'someone will drown' in harbour". We have a problem—I have discussed it with Phil Missen, our local Royal National Lifeboat Institution organiser—with youngsters jumping 20 ft into Porthcawl harbour in front of the lifeboat as it is launched and physically and verbally abusing the lifeboat crew. What assistance can my hon. Friend offer the lifeboat crew to protect them given that my local authority is unable to confirm long-term commitment to funds for youth organisations, even the Scouts and the Guides?

Nick Ainger: I share my hon. Friend's concern about those incidents of antisocial behaviour; clearly, this case must be tackled quickly. We have given the police and local councils the tools to do that job. Between 2003 and 2006, the safer communities fund has allocated £8 million to community safety partnerships in Wales for locally determined projects aimed at tackling antisocial behaviour. Since 2003, Bridgend has received £352,000 from the fund. We have given the tools to the police and to the local councils; those powers should now be exercised and I urge Bridgend county borough council to do so.

Mr. Roger Williams (Brecon and Radnorshire) (LD): One of the recent findings of the Select Committee on Wales was that there is no agreed uniform definition of antisocial behaviour. That means that residents in my constituency who live close to rugby clubs can expect antisocial behaviour and rowdiness with no action taken against the perpetrators. What action can the Minister take on having an agreed definition of antisocial behaviour so that everybody living in Wales can expect the same service and treatment from police forces?

Nick Ainger: The hon. Gentleman raises an interesting point. I would argue that the Licensing Act 2003 gives local residents the opportunity to object to the way in which licensed premises are being run, because it deals not only with what happens in the licensed premises but what happens around them. The Act gives people the opportunity to take up that matter with local police and the local authority, which is now responsible for licensing. Irrespective of whether we give a clear definition of antisocial behaviour, people know when they are experiencing it, and they should always report it and expect the authorities to react accordingly.

Albert Owen (Ynys Môn) (Lab): It is right to be tough on those who make the lives of people in our communities hell through antisocial behaviour, but does my hon. Friend agree that it is also important to reward people, particularly the young, for good social behaviour? Does he further agree that it is important that when community planning for facilities is going through, young people have an input so that they feel a sense of ownership in their own community?

Nick Ainger: Yes, I entirely agree with my hon. Friend. We need to talk about the carrots as well as the sticks. Local authorities are recognising the need to provide improved youth services and improved facilities for young people as an alternative to hanging around on street corners and causing trouble for local residents.

Welsh Language Schemes

2. **Hywel Williams** (Caernarfon) (PC): What recent discussions he has had with Cabinet colleagues and Ministers of the National Assembly for Wales on formulating and implementing central Government Departments' Welsh language schemes. [12327]

The Secretary of State for Wales (Mr. Peter Hain): The Government believe in the principle of delivering public services to people in Wales in the language of their choice. All Departments regularly review the way in which they meet this obligation.

Hywel Williams: Twelve years on from the Welsh Language Act 1993, at least five of the great Departments of State have not produced Welsh language schemes. Will the Secretary of State institute a review of the Act and show that, at least on that issue, he is not asleep?

Mr. Hain: I will happily look into the matter but the hon. Gentleman knows that the Labour Government have a proud record of promoting the Welsh language, which is now in a healthier state than it has been for generations, with the number of Welsh speakers increasing continuously. I would have thought that the

hon. Gentleman welcomed that. If any Departments are slipping from that high standard, I shall look into the matter.

Mrs. Siân C. James (Swansea, East) (Lab): Does my right hon. Friend agree that the Labour party has shown itself to be the party of the Welsh language? We have record investment and more people learning Welsh. Is not it true that Members such as my hon. Friend the Member for Conwy (Mrs. Williams) have actively promoted the language and highlighted the record investment and our commitment to that important issue?

Mr. Hain: I certainly agree with my hon. Friend, who is a proud Welsh speaker from the valleys of south Wales.

Chris Ruane (Vale of Clwyd) (Lab): Da iawn.

Mr. Hain: Indeed, da iawn, as my Parliamentary Private Secretary says. My hon. Friend the Member for Swansea, East (Mrs. James) can speak with genuine authority on the matter, as can my hon. Friend the Member for Conwy (Mrs. Williams), who is a proud Welsh speaker from north Wales.

Michael Fabricant (Lichfield) (Con): Will the Secretary of State say a big diolch yn fawr to all the people who go to Welsh language schools, especially those on the Llŷn peninsula? Will he remind people that not only those who are Welsh born learn Welsh but those who recognise the traditions of Wales?

Mr. Hain: Yes, I will say a big diolch yn fawr—as big as the hon. Gentleman likes—because the Wales Office and the Labour Government are proud of the advances that have been made in the Welsh language throughout Wales. We will continue to experience such progress as long as the Government remain in power.

Single Farm Payment

3. **Mr. Andrew Robathan** (Blaby) (Con): What recent discussions he has had with the National Assembly for Wales Government on the single farm payment. [12328]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): On 4 July, I met the Assembly Minister responsible for countryside matters, Carwyn Jones, and we discussed several issues, including the single payment scheme in Wales.

Mr. Robathan: I should declare that I am a farmer and in receipt of ridiculous subsidies through the common agricultural policy. As the Minister knows, the Department for Environment, Food and Rural Affairs tells us that the single farm payment is meant to make life simpler for farmers. I am not sure whether it does, but that is the way we are going. However, Wales intends to have a different scheme. How can that be right? If something is good for me if I farm in Herefordshire, surely it must also be good if I farm across the border in Monmouthshire. Will the Minister explain matters and what the scheme will do for Welsh hill farmers?

Nick Ainger: There is a difference in the single farm payment's calculation in England and in Wales. In England, the system ultimately depends on a single, flat-rate, area payment, starting with historic payments. In Wales, we are going to stick with historic payments because Wales has so many small farms, especially in the uplands. When the discussions were taking place, it was felt that a single farm payment based on historic payments would be the best way to continue the support for Wales's small rural farms.

Lembit Öpik (Montgomeryshire) (LD): The Minister knows that, in an effort to remain financially viable, many farmers are diversifying into other activities, including motor cycle off-road sports. Will he confirm that farmers will not jeopardise their single farm payments by allowing those off-road activities on their land? Will he also confirm that the promised end-of-year review will consider the rights of motor sports enthusiasts, including motor cycle off-road enthusiasts, and the economic pressures that farmers face?

Nick Ainger: I think that I can help the hon. Gentleman on the issue. Under recently updated guidance, motor sports may take place on up to 28 days during the nominated 10-month period in addition to the remaining two months of the year. The updated guidance takes on board representations from motor sports interests and is an example of the Government listening to industry.

Mr. Speaker: I call Jerry Wiggin.

Bill Wiggin (Leominster) (Con): Thank you, Mr. Speaker. I shall answer for him.

Wales is using the historic method for determining single farm payments, so why cannot Welsh farmers have an interim payment until the Rural Payments Agency computers are made to work?

Nick Ainger: The payments system is on target and Welsh farmers will begin receiving their single farm payments at the beginning of the window, which is December 2005.

Tax and Benefits

4. **Mrs. Betty Williams** (Conwy) (Lab): What recent discussions he has had with Cabinet colleagues on financial support through the tax and benefits systems to parents in Wales. [12329]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend the Secretary of State and I regularly hold discussions with ministerial colleagues on a range of issues, including support to parents in Wales through the tax and benefits systems. Far more parents in Wales are benefiting from the financial support under the working tax credit and child tax credit than under any preceding income-related financial support system. In 2003–04, more than

220,000 in-work families with children in Wales were benefiting from tax credits, with an average award of £2,792.

Mrs. Williams: My hon. Friend will be aware that families in Wales have widely welcomed the tax credit system, which has definitely been a contributory factor in lifting families out of poverty. However, many families are still experiencing hardship caused by errors made by Her Majesty's Revenue and Customs when calculating their entitlement. Will my hon. Friend undertake to have further discussions with his Treasury colleagues to ensure that a way is found to help those families out of their difficulties?

Nick Ainger: My hon. Friend is right to highlight the great benefit of the tax credit system to families in Wales. In her own constituency, 5,000 in-work families are in receipt of tax credits, and the average amount involved in her constituency is £3,080 per family. In relation to the problems caused by overpayment, the Government recognise the difficulties that have been caused by administrative problems in the tax credit system, but that should not detract from the fact that millions of families across Britain are much better off as a result of the system.

The Paymaster General has announced a series of measures to build on the reforms that we have already introduced, including measures to streamline the procedures for recipients to inform Her Majesty's Revenue and Customs of changes in their income, and to simplify the information provided to families. She has also announced a review of changes to the procedures for dealing with disputed awards, and I am sure that she will respond to the points raised by my hon. Friend the Member for Conwy (Mrs. Williams), which I shall draw to her attention.

Mr. Wayne David (Caerphilly) (Lab): Following what the Minister has just said, does he agree that, although there have been problems in the tax credit system, we have to keep things in perspective? We need to recognise that the tax credit system is probably the most effective means that we have of tackling child poverty.

Nick Ainger: Indeed. Before 1997, when this Government first came to power, one in every three babies in Britain was born into poverty. Under the previous Conservative Government, the number of children growing up in households in which no one had a job rose to almost 20 per cent. We have not only had great economic success in creating 2 million jobs since 1997; we have also made work pay, and taken more than 1 million children out of poverty. That is a success.

Bill Wiggin (Leominster) (Con): Wales has the highest rate of child poverty in the UK, affecting one in every three children. Yet Citizens Advice has recently condemned the tax credit system for being subject to "completely unacceptable errors". One in three recipients have been overpaid and pushed into deeper poverty when forced to repay the money. What will the Minister do to stop the failures of the tax credit system putting even more pressure on struggling Welsh families?

Nick Ainger: As I have already said in response to my hon. Friend the Member for Conwy (Mrs. Williams), the Government are already tackling those administrative problems. Moreover, it is worth noting what Citizens Advice said in its report:

> "We firmly support tax credits as a vehicle for directing substantial extra money towards lower income families, and we want the system to work effectively for all who are entitled to the extra help."

That is something that those families are getting now, and that they never did when the hon. Gentleman's party was in power.

Bill Wiggin: A man from Bridgend reported that he had received a bill for £4,000 following overpayment of child tax credits, despite the fact that that tax credit agency admitted that he had provided the correct information at every point. Another man, from Abergele, was paid £400 too much each month, despite making numerous phone calls to query the amount that the family were being paid. Nearly 2 billion of the tax credits paid out over the past year were overpayments, and the Government are hounding people into a financial nightmare. How can the Minister expect to improve the standard of living for children in Wales if this continues?

Nick Ainger: As I said in response to an earlier question, it is clear that substantial errors have been made, and the Government do not deny that fact. The parliamentary ombudsman's report and the Citizens Advice report identified serious errors. The Government have a duty, however, to try to reclaim overpayments where it is reasonable to do so. Anyone who disputes whether they should repay such an overpayment has a procedure to follow. The Paymaster General has given assurances that she is considering those disputes procedures.

National Assembly (List Members)

5. **Mark Tami** (Alyn and Deeside) (Lab): What plans he has to introduce legislation affecting the position of list Members in the National Assembly for Wales. [12330]

The Secretary of State for Wales (Mr. Peter Hain): The White Paper "Better Governance for Wales", promises to prevent constituency candidates standing as list Members in line with our manifesto commitments.

Mark Tami: I thank my right hon. Friend for that answer. I am sure that he has seen the Leanne Wood guide to being a good Assembly list Member in today's *Western Mail*, in which she advocates avoiding casework but using the considerable budgets to employ staff only two to three days a week so that they can spend the rest of the time on political activity, and of course Leanne's golden rule:

> "On receipt of every invitation, ask 'How can my attendance at this event further the aims of Plaid Cymru?' If the answer is 'very little' or 'not at all', then a pro forma letter of decline should be in order."

Is not it time that we had an urgent inquiry into the role of these list Members, who are unelected and unaccountable?

Mr. Hain: The answer is yes. Plaid Cymru list Members have now been caught red-handed abusing the

system in the Assembly. The Presiding Officer should have a proper inquiry into the abuse of taxpayers' money by Plaid Cymru list Members. These instructions from Assembly Member Leanne Wood are a consistent abuse. I will read out another example—

Mr. Speaker: Order. Perhaps the Secretary of State can allow the Assembly to read about the matter.

Adam Price (Carmarthen, East and Dinefwr) (PC): As we all know, politics—[HON. MEMBERS: "Apologise."] May I speak? Politics is a much-maligned profession, and it is usually other politicians who do the maligning. May I suggest to the Secretary of State that his constant disparaging remarks about Assembly Members will make it difficult for us to encourage people of calibre of all parties to put their names forward for the next Assembly elections? Is that what he wants?

Mr. Hain: I am absolutely astonished. The hon. Gentleman is defending the behaviour of Plaid Cymru list Assembly Members who have abused the system. I will read out another section from the advice:

"We need to be thinking much more creatively as to how we better use staff budgets for furthering the aims of the party."

Those are the equivalent of Commons staff budgets applied to the Assembly. I and my hon. Friend the Under-Secretary will be taking the Government of Wales Bill through the House in the next year or so, and if the Assembly does not to tighten the rules on the behaviour of list Members and the abuse of their allowances, I might have to take powers under the Bill to do so myself.

Nia Griffith (Llanelli) (Lab): Given the utter contempt that Leanne Wood is showing for constituents by describing casework that a Plaid Cymru regional Assembly Member did for 2,500 constituents as a waste of time, because canvassing returns showed that few of them were inclined to vote for Plaid Cymru, will the Secretary of State order a thorough investigation into the role of regional AMs, and seek to establish whether their offices and staff are a waste of public money?

Mr. Hain: I am tempted to read out even more damaging quotes, but I will spare the House. I agree very much with my hon. Friend that this is an abuse of the system. It vindicates exactly the Government's policy of banning list Members from standing in constituencies. They must make a choice. Taxpayers will want to know that list members are not abusing the Assembly's resources, because ultimately those resources are voted by the House of Commons. I think it is time that Plaid Cymru, Liberal Democrat and Conservative Members stopped defending this outrageous behaviour by Assembly list members.

Small Firms' Organisations

6. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What recent representations he has received from small firms' organisations in Wales on central Government regulation. [12331]

The Secretary of State for Wales (Mr. Peter Hain): I have regular discussions with small business organisations in Wales. The latest took place as recently as last Friday, when I attended a Cardiff chamber of commerce function. There was delight at the buoyant state of the economy under this Government.

Mr. Bellingham: Is the Secretary of State aware that all the small organisations representing firms in Wales are united in their opposition to the United Kingdom giving up its opt-out from the working time directive? They believe that if we give it up, many jobs will be put at risk. Is the right hon. Gentleman aware that Labour MEPs have voted to give up the opt-out? What is his view?

Mr. Hain: My view is the view of the Government, as the hon. Gentleman knows very well. Last year, when he asked me the very same question, I told him that we had seen 19 consecutive months of business growth in Wales I am delighted to tell him that we have now seen 27 consecutive months of business growth in Wales. Answering his questions is a real treat.

Ian Lucas (Wrexham) (Lab): Is my right hon. Friend aware that in towns such as Wrexham, small business is doing very well thanks to innovative and exciting projects such as the new e-business incubator. We are changing the face of employment in Wrexham, so that more people are self-employed and more people are doing well for themselves. Is that not welcome, and is it not about time we started talking Wales up rather than down?

Mr. Hain: Yes, Wales is now doing better than it has for generations as a result of the economic stability established by the Government. There is a record number of jobs, more than there have ever been in our history, and business start-ups are taking place all the time, in Wrexham as elsewhere. That will ensure that the growth that has continued for the last eight years of the Labour Government will continue in the future. That is the future of Wales, which is striving to be world-class—as opposed to its miserable state under the Tories.

Police (Misconduct Allegations)

7. **David T.C. Davies** (Monmouth) (Con): What discussions he has had with the Secretary of State for Home Affairs on the handling of misconduct allegations in police authorities in Wales. [12332]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend and I have regular discussions with ministerial colleagues. Investigations of misconduct are internal matters for police authorities to determine according to their own procedures and protocols.

David T.C. Davies: The Minister will be well aware that 13 police officers remain suspended at a cost of around £300,000 a year. Other cases have collapsed

owing to lack of evidence. The clerk to the North Wales police authority has been cleared of misconduct by the courts, but has still not been reinstated. Does the Minister agree that the situation is wholly unsatisfactory, is costing large amounts of taxpayers' money and is reducing the number of police officers available to deal with the rise in crime for which his Government are responsible?

Nick Ainger: It would obviously be wrong for me to comment on any case that is currently under investigation, but the hon. Gentleman specifically mentioned the clerk to the North Wales police authority. Mr. Peter Bolton was offered reinstatement earlier this month, but is currently taking legal advice before deciding whether to accept. It is possible that the matter could be taken to court, and it would therefore be wholly inappropriate for me to comment.

Mr. Speaker: Order. Before I call the next question, I must call for order in the Chamber. [HON. MEMBERS: "Hear, hear."] I am glad I have so much support.

Jobcentre Plus Offices

8. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What discussions he has had with colleagues in the Cabinet and in the National Assembly for Wales on the economic consequences of job losses in Wales caused by the closure of Jobcentre Plus offices; and if he will make a statement. [12333]

The Secretary of State for Wales (Mr. Peter Hain): I have had regular discussions. In order to release resources to frontline services, Jobcentre Plus offices are being modernised in Wales to deliver more flexible services.

Mr. Llwyd: Is the Minister aware that 70 per cent. of jobcentre job cuts in Wales will fall within the objective 1 area? Is he aware that a few months ago my hon. Friend the Member for Caernarfon (Hywel Williams) and I went to see the then Secretary of State for Work and Pensions, the right hon. Member for Kingston upon Hull, West and Hessle (Alan Johnson)? We had to produce a map of Wales to show him how the service would be decimated by the proposed cuts.

Those jobs are vital in the objective 1 areas. Time and again, the Minister says that he fights Wales's corner. When did he fight Wales's corner in this regard? Did he lie down like his supine colleagues in the National Assembly Government? When will he stand up for Wales?

Mr. Hain: I stand up for Wales every day of the week. That should be compared with Plaid Cymru, which wants to take Wales out of the United Kingdom and condemn it to misery. I should remind the hon. Gentleman that a new 300-plus-seat contact centre in Bangor—an objective 1 area near his constituency—will open next year. Staff numbers at the contact centre in Bridgend—another objective 1 area—are doubling from 150 to 300. The truth is that the picture that he paints is completely distorted, as is every other allegation that Plaid Cymru makes about Wales.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [13342] **Kelvin Hopkins** (Luton, North) (Lab): If he will list his official engagements for Wednesday 20 July.

The Prime Minister (Mr. Tony Blair): Before listing my engagements, I know that the whole House will join me in sending our condolences to the families of the three British soldiers who lost their lives in Iraq over the weekend. They were doing a vital and heroic job in helping that country to democracy, and we can be very proud of them.

This morning, I had meetings with ministerial colleagues and others, and in addition to my duties in the House I will have further such meetings later today.

Kelvin Hopkins: My hon. Friend the Member for Walsall, North (Mr. Winnick) raised with the Leader of the House at last week's business questions the disgracefully low pay and poor conditions endured by our parliamentary cleaners. This morning, my hon. Friend and I and other Members visited a picket line of our striking cleaners to show our solidarity with them. Will my right hon. Friend take time to ensure that representations are made to the House authorities to reach a fair and satisfactory conclusion to this dispute?

The Prime Minister: My right hon. Friend the Leader of the House raised this issue on colleagues' behalf at the meeting of the House of Commons Commission on Monday. Ultimately, this is a matter for the House authorities. The dispute is a commercial matter, but I understand that the House authorities continue to work with the contractors to seek a satisfactory outcome for everybody concerned.

Mr. Michael Howard (Folkestone and Hythe) (Con): I join the Prime Minister in the condolences that he expressed over the loss of our servicemen in Iraq. The thousands of men and women who daily risk their lives on our behalf are constantly in our minds, and we must never take what they do for granted.

May I ask the Prime Minister about the progress being made in the four areas of action in response to the tragedy of 7 July that he outlined a week ago? I welcome the meeting that we had with Muslim leaders yesterday. Can he now set out more details of the taskforce being established to take matters forward?

The Prime Minister: I thank the right hon. and learned Gentleman for coming, with the leader of the Liberal Democrats, to yesterday's meeting. Over the next few days, those who were present at that meeting will work with the Home Secretary and the Foreign Secretary to establish a network of people who will go out into the community and take the very clear message about the mainstream Muslim community and its views throughout the country. They have also agreed to a meeting with the Metropolitan Police Commissioner, Sir Ian Blair, who raised at yesterday's meeting a very

important point: the desire to make sure that sufficient numbers of people are recruited into the police from the Muslim community. He also expressed his very strong sense that, just as the police have considerably improved—I think that everyone will accept this—their community relations over the past few years, over the next few years we need to ensure that that finds its response and echo in people from the Muslim community joining the police force, and being willing to serve in it.

Mr. Howard: Last week, the Prime Minister also said that the Government would look urgently at strengthening procedures to exclude people from entering the UK who might incite hatred or act contrary to the public good, and at how those already here might be more easily deported. What progress has been made in that area and does he agree that there is room for greater use of existing powers to ban people whose presence here is not conducive to the public good?

The Prime Minister: Yes, I do agree with that. It is very important that people understand that we are a tolerant and decent country, but that the rights that we give to people here should not be abused. I am sure that that is the overwhelming sentiment of the country, so we do need to look at broadening the list of grounds for exclusion, and at using existing exclusion powers more broadly. The Home Secretary is going to make an oral statement on this issue shortly and we are also attempting to conclude memorandums of understanding with countries to which we want to return those whom we want to deport.

Part of the problem has been that, even if we wish to deport people, we have sometimes been stopped from doing so on the ground that the country to which they are to be deported may not pay sufficient regard to their human rights. However, we are trying to conclude a series of memorandums of understanding with those countries and I understand that one was concluded this morning with Jordan, which will help us in respect of certain cases.

Mr. Howard: The Prime Minister also referred a week ago to the need for international action, on which he has just touched. Since then, there has been a particular focus on Pakistan, where the Government and President Musharraf have pledged their full support in the fight against terrorism. Will the Prime Minister update the House on the work that is being carried out with the Government of Pakistan, including keeping the madrassahs under closer scrutiny?

The Prime Minister: Yes, I can. I have spoken to President Musharraf about it and there is a real willingness and desire on the part of the Pakistani Government to deal with the madrassahs that are preaching this type of extremism. I think that we all know that the roots go very deep and are not always to be found in our own country, but in other countries, too. We are also looking into the possibility of holding a conference that would bring together some of the main countries that are areas of concern and that have been closely involved in these issues in order to take concerted action across the world to try to root out this type of extremist teaching.

About 26 countries have suffered from al-Qaeda and its associated networks since 1993. Obviously, there is a huge well of support and understanding for the problems that we have recently faced in this country. We need to be very clear that, although the terrorists will use all sorts of issues to justify what they do, the roots of it go very deep and are often not to be found in this country alone, so international action is also necessary.

Mr. Howard: I am grateful to the Prime Minister for that answer and he will know that I entirely agree with the sentiments that he has just expressed. I also welcome the discussions that took place with the Home Secretary on Monday about counter-terrorism legislation and the Government's agreement to our suggestion that their new legislation should be considered separately from the issue of control orders. Will the Government also give further consideration to our proposals, which they have previously rejected, to allow the use of intercept evidence in court?

The Prime Minister: I am very happy to go back and consult the security services and the police about that. My own view has always been that if we can use intercept evidence, we should, because of the obvious value that it can provide in certain cases. The difficulty is that, up to now, we have been advised by the security services that the disadvantages outweigh the benefits. However, in the light of what has happened, it is obviously sensible to go back and consult them again. It is not an issue on which there is an objection of principle to using such evidence. On the contrary, as a matter of principle, I would prefer to use it rather than not use it, but we have to take account of our advice.

I understand that we are going to have a meeting next week about the new legislation. I am pleased at the progress that has been made in co-operation with the Opposition and we will have a further opportunity to run through some of these issues again. I will make sure that we can provide an update then. It is the right approach to try to take action in every single one of these related spheres: in respect of the legislation, we must ensure that it is tightened, where necessary; in respect of those who preach and incite hatred, we want enhanced ability to deport them where they are not British citizens; in respect of international action; and in respect also of our own Muslim community. We are now moving forward in the right direction on a series of fronts. Once again, I thank the right hon. and learned Gentleman for his support, as it has been very important to send out a unified signal to the country.

Mr. Howard: I look forward to our discussions next week. The Prime Minister will know that, just two years ago, the Newton report pointed out that the Republic of Ireland is the only country with a ban as extensive as ours on the use of intercept evidence and I look forward to discussing those matters with him further next week.

Yesterday, *The New York Times* reported that, less than a month before 7 July, the joint terrorism analysis centre had concluded that

"at present there is not a group with both the current intent and the capability to attack the UK".

Is there anything that the Prime Minister can say to put that report in context and, in the light of that report, is there any action that he intends to take to reassure people?

The Prime Minister: Obviously, JTAC staff have to make up their minds according to the information that they have at any particular time. It is important to recognise that, partly through JTAC, our security services and police do an enormous amount of work in gathering information, from our own country and from all around the world. Inevitably, they have to base their judgments on the information that they receive, but I am satisfied that they do everything possible to protect our country. Although it is terrible that the terrorist attacks in London took place, it is none the less worth pointing out that, over the past few years, our security services and police have done an immense amount to protect this country. It is important to recognise that, but of course those services are looking the whole time at ways to improve their systems.

When I visited last week, I saw for myself what an extraordinarily motivated and committed group the JTAC people are. They work literally around the clock to do their best to protect our country. Obviously, they have to make their assessments on the information that they have at the time, but it is important to make one other point as well. I shall not comment on intelligence material that is sometimes discussed in the newspapers, but I point out that JTAC staff all the time have to strike a balance in any judgment about an individual that they make. One thing is for sure: if they make a wrong assessment, they can become embroiled in arguments about interfering with people's rights, and so on, but they do everything that they can to try to protect our country. I assure the right hon. and learned Gentleman and the House that, from the work that I have seen, the benefit of the doubt each time is given to the protection of this country above all else.

Q2. [13343] **Mr. Mike Hall** (Weaver Vale) (Lab): The Healthcare Commission published its "The State of Healthcare 2005" report on Monday. The report shows that there has been a dramatic reduction in hospital waiting times and an improvement in the treatment and care of people suffering from cancer and coronary heart disease, but does my right hon. Friend agree that we need to do still more to improve health inequalities? On the Windmill Hill estate in my constituency, the Halton primary care trust has recently withdrawn GPs' surgeries. Will he join me in pressing Halton PCT to reinstate GP services, so that better health facilities can be enjoyed across the whole of my constituency? Will he also say something to encourage people to use NHS Direct?

The Prime Minister: I certainly agree that we must carry on with the improvements that are taking place. Although the Healthcare Commission report said that certain services still had a long way to go and needed to be improved, its main point is worth noting. The report states:

> "This year's report identifies much that should be celebrated. People are now able to gain access to many healthcare services more quickly and easily than in the past . . . Other improvements, such as better access to drugs and operations, are helping to produce better outcomes for people with cancer and coronary heart disease."

We are only halfway through the NHS plan that we published in 2000, so it is bound to be the case that we still have a distance to go. However, the overall picture is that the NHS is getting better all the time.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): May I also extend my party's tributes to the families of the three British service personnel so tragically killed in Iraq as they courageously carried out their duties? Specifically on Iraq, has the Prime Minister seen or heard the rather devastating report compiled by the BBC's John Simpson about the escalating violence there? Did he hear the assertion made yesterday by Crown Prince Hassan of Jordan that he considered Iraq to be heading for civil war, and does he agree with that assessment?

The Prime Minister: No, I do not agree with that assessment, but, obviously, there is a very serious situation, particularly when, for example, one of the Sunni representatives on the constitutional committee was assassinated yesterday, simply for trying to play his part in bringing about a democratic Iraq. But the issue that I come back to the whole time is, if that terrorism is happening in Iraq and it is aimed at destroying the possibility of that country becoming a democracy, what should our response be. My response is to stand firm and see it through because, in the end, if Iraq becomes the country that Iraqis want it to be—namely, a democracy—that will send a hugely powerful signal out not just to Iraq and the region, but against that type of terrorism the world over.

Mr. Kennedy: Specifically, in response to the considered response that the Prime Minister has given and as this is the last time that we can question him before 10 October—who knows what might develop in Iraq during that coming period—will he therefore give us an estimate today, before we head into recess, about how long he believes a substantial British force must continue to be deployed in Iraq?

The Prime Minister: I cannot give a specific date. What I can say is that the strategy that is being pursued is, first, to build the democratic process in Iraq. That democratic process is supported by the 8 million Iraqis who came to vote, by the United Nations and by anyone who wants Iraq to become the country that it could be. That constitutional process will continue with the drafting of the constitution and then with the parliamentary elections in December. The second thing is to build up the capability of the Iraqi security forces themselves. That capability is being built the entire time. Indeed, the Iraqi forces are actually taking on many of the patrols down in the south now. Even around Baghdad, there are now joint multinational forces and Iraqi operations.

Those are the two key things, but as President Karzai of Afghanistan said yesterday, the same perverted ideology that is trying to kill people in whatever country it can is trying to prevent Afghanistan and Iraq from becoming democracies. What is important sometimes, when people talk about their concern for Iraq or Afghanistan, is to let the legitimate voices of those people who have supported democracy in those countries be heard and to let them be the people who

represent the true voice of Iraq and Afghanistan—not the representatives of the ideology that is trying to kill decent folk in both countries.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): May I praise my right hon. Friend for his great courage and conviction in tackling terrorism and the way that he has championed the cause of multiculturalism and kept that spirit alive, given the difficult circumstances? But may I also make him aware that the attacks, these difficult times and the bombings that have taken place affect not only the Muslim community, but the wider Asian community and in particular, the Hindu and Sikh communities? In the spirit that he has opened up dialogue with the Muslim community, will he open up the same dialogue with the Hindu and Sikh communities, so that we can work with them in the greater interests of community relations to keep the spirit of multiculturalism alive?

The Prime Minister: My hon. Friend makes a very fair point. We will obviously try to do more to ensure that we keep in touch with the Hindu and Sikh communities, and my right hon. Friend the Home Secretary had a meeting with them a short time ago.

Q3. [13344] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Does the Prime Minister recall visiting the Queen Elizabeth hospital in King's Lynn during the 2001 election, when he came up to support the then sitting Labour MP? Does he recall saying to my constituents that the Norfolk health economy would be properly funded under Labour? Is he aware that the Norfolk health economy is now £22 million in the red, that the chairman and chief executive of our local hospital—the Queen Elizabeth—have both resigned and that, last week, two wards were closed? What message does he have for those hard-working consultants and staff who are battling on in very difficult circumstances?

The Prime Minister: My message is that I hope that those people and the hon. Gentleman would support the extra funding that is going into the health service in Norfolk and elsewhere. I hope that he points out to his constituents and those in the neighbouring constituency that, if the Conservative party had had its way, that money would never have gone into the national health service. If we read the Healthcare Commission report and see the improvements made, they show the wisdom of investment, not cuts, as the policy.

Mr. David Anderson (Blaydon) (Lab): May I ask the Prime Minister to take the good wishes of this House back to the good people of Sedgefield, who have had the common sense to vote to retain their council housing in-house? Will he have a word in the ear of the Deputy Prime Minister and say that that is another reason why we should support the fourth option for council housing, which is, after all, Labour party policy?

The Prime Minister: No, but I think that the case—even if I do not agree with the decision—shows the benefits of choice.

Q4. [13345] **Peter Luff** (Mid-Worcestershire) (Con): The 3,000 people who crowded into Evesham market square for the protest rally on Sunday and the 20,000 who have signed the petition to save the town's hospital would be surprised to learn that, only two years ago, in "Keeping the NHS Local", the Government advocated

"sustainable solutions for smaller hospitals to secure their valued role at the heart of local communities."

Given the substantial extra funding that is going to the South Worcestershire primary care trust, why is it proposed to close wards and sharply reduce services at Evesham community hospital, in direct contradiction of Government policy?

The Prime Minister: I am grateful that the hon. Gentleman at least concedes that there has been substantial extra funding. Decision making on the configuration of local services must be a matter for the PCT—that is the procedure with which I think we all agree. I understand that the proposals for Evesham community hospital are at an early stage and I expect that the PCT will take into account all representations, including the hon. Gentleman's, before taking any decisions. However, it is worth highlighting something that he implied, which is that there has been a substantial increase in funding—[HON. MEMBERS: "Where is it going?"] I shall say where. The funding is going into the £87 million private finance initiative Worcestershire royal hospital, which is now completed and operational, and into the 1,800 more nurses, 240 more consultants and 140 more doctors. In other words, it is going into improving health care services.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I thank my right hon. Friends the Prime Minister and the Home Secretary for taking time yesterday and today to meet representatives of the Muslim community. I also thank my right hon. Friend the Prime Minister for the announcement made earlier on dealing with people who incite racial and religious hatred in this country. Will he go further and deal with the organisations that must be proscribed to stop them inciting religious hatred?

The Prime Minister: I pay tribute to my hon. Friend, who has shown immense courage in difficult circumstances. He is right to draw attention to organisations that try to incite hatred or glorify terrorism. That is what the new legislation is, in part, designed to tackle.

Q5. [13346] **Mr. Michael Jack** (Fylde) (Con): The Prime Minister may be aware that the university of Central Lancashire runs one of the most successful programmes for Chinese students: some 600 have already graduated in engineering. However, the 300 students who are to start the academic year in September are facing new and burdensome requirements in applying for their visas. Although it is important to sort out legitimate students from illegitimate ones, will the right hon. Gentleman use his good offices to ensure that students who qualify to come here can do so and that we do not damage that valuable contribution to Sino-British relations?

The Prime Minister: I agree with the right hon. Gentleman about the importance of international students, who add £5 billion to the UK economy, and of

not making procedures over-burdensome, but he knows why we have introduced tougher requirements. We needed to make sure that people who come to this country as students are coming to take bona fide courses at bona fide places and that they will not switch from a student visa and claim asylum as some have done over the years, or do other things. That is why we have had to tighten our procedures. We are trying to strike the right balance and I shall certainly consider the points made by the right hon. Gentleman, but it is important that we send a strong signal. Yes, the overwhelming majority of students come here for bona fide reasons—to study—but the system has been open to certain abuses and it is important that we close the opportunities for abuse.

Q6. [13347] **Mr. Neil Gerrard** (Walthamstow) (Lab): The commitment that was made at the G8 to aim for universal access to drugs treatment for HIV by 2010 was enormously important. I am sure that the Prime Minister accepts that we need substantial and sustained increases in aid from developed countries beyond anything that has been agreed so far if we are to have any chance of achieving that aim. With that in mind, what are his objectives for the conference that will be held here in September on the replenishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria? Does he accept that, if that fund is not replenished, that will send a signal that the G8 is not serious about the commitments that it made?

The Prime Minister: My hon. Friend will understand that part of the purpose of the conference in September is to replenish the funding. It is important that we do that, but I emphasise that it is not only the global fund that will help in tackling AIDS. It is also bilateral relationships, not least those that this country has with African countries that are suffering from AIDS, a huge pandemic that is causing misery across the whole continent and reducing life expectancy. If we secure the commitments that we envisaged at the G8, that will get us as close as possible to universal access to HIV/AIDS treatment by 2010, which would be a huge achievement.

Mr. John Hayes (South Holland and The Deepings) (Con): The list of conditions exempted from prescription charges was drawn up in the 1960s, as the Prime Minister knows. At that time, cystic fibrosis sufferers mainly died in childhood, so they did not pay prescription charges. Many now live to adulthood. The Prime Minister will recall pledging to deal with this matter before the 1997 election, again in 1999 and again in 2001. Indeed, at the Dispatch Box earlier this year, he once again promised to review the situation. Is he going to honour his pledge, or is he going to let these vulnerable people suffer and pay?

The Prime Minister: I understand the point that the hon. Gentleman is making. It is true that we keep that under constant review, but it is important to point out— *[Interruption.]* If we change the list for one condition it has implications for other conditions as well. It is true that we keep it under review, but it also true that we give a substantial amount of help to sufferers of cystic fibrosis and other such conditions. While I agree that the hon. Gentleman has a point in relation to prescriptions it would be wrong to imply that we do nothing to help those sufferers, because we do.

Q7. [13348] **Mike Gapes** (Ilford, South) (Lab/Co-op): Does the Prime Minister agree that there can be no excuse, no rationalisation and no justification for criminals who bomb, maim and murder on buses, in tubes, in offices, in restaurants, in shops and in schools, whether in Beslan, Madrid, London, New York, Tunis or in Tel Aviv, and that the best defence therefore is to stand firm on our resolute democratic values and international co-operation?

The Prime Minister: I totally agree—there is no justification for it here or elsewhere.

Mr. Peter Robinson (Belfast, East) (DUP): Is the Prime Minister aware of the incidents of violence in Northern Ireland in recent weeks? Is he aware of the atrocious attacks by republicans on the police and attacks by republicans on loyalist areas of north Belfast and Cluan place in my east Belfast constituency? Is he aware of what appears to be a loyalist feud in which there are attacks by loyalists on other loyalists? Will he take it from me that my colleagues and I condemn that completely and without any mental reservation? Is he disappointed that the leadership of Sinn Fein does not condemn the attacks by republicans on loyalists and the police?

The Prime Minister: I completely condemn those attacks, whether they come from republicans or whether they are attacks that loyalists are committing on one another. There is no justification for any of it, and people must realise that if we want to make progress in Northern Ireland the violence, from whatever quarter, has to stop.

Q8. [13349] **Miss Anne Begg** (Aberdeen, South) (Lab): Now that the summer recess is almost upon us, will my right hon. Friend have time to do what millions of people did this weekend and read the new Harry Potter novel by Scotland's most successful writer? What would he say to people who have been critical of those books, especially as they have done more to improve literacy and children's enjoyment of reading than even this Government's excellent education policies and everything that I did in 19 years as an English teacher?

The Prime Minister: The Harry Potter brief in my file is somewhat thin, which only shows that my officials' sense of importance is not what it should be. I was told by someone, however, that in the first chapter of the new book the Minister of Magic comes out of a picture to confront the Prime Minister. I am still searching for the Minister.

Peter Bottomley (Worthing, West) (Con): The Prime Minister knows that we can raise individual cases, as well as major international issues. Before 1997, many members of his Administration signed the petition to the Florida supreme court concerning Krishna Maharaj, who has spent nearly 18 years in jail. Will the Prime Minister please consider taking advice and communicating with both President Bush and Governor Bush to see whether it is possible to get the state to stop opposing the application for a new trial, which ought to have been granted in the United States?

The Prime Minister: I confess that I am not familiar with the particular case, but the Foreign Secretary tells me that he is taking the matter up.

London Terror Attack Update

12.30 pm

The Secretary of State for the Home Department (Mr. Charles Clarke): With permission, Mr. Speaker, I should like to bring the House up to date with developments since my right hon. Friend the Prime Minister made his statement to the House on Monday 11 July.

A total of 56 people are now known to have died as a result of the explosions. The identities of all of these have now been formally confirmed through the relevant procedures. Support and advice continue to be given to the families affected as requested, in what remain very difficult and traumatic circumstances. It is possible that this total may rise as the police investigation of the very difficult scenes continues. Twenty-seven people remain in hospital undergoing treatment at present.

Until this week all four explosion sites have remained crime scenes, and at this point three still are. As the police have made clear, it is vital to their work that no clues or evidence are overlooked or destroyed. However, Transport for London is optimistic that Aldgate station, which has been handed back to London Underground by the police, may be returned to service by next Monday, 25 July. The train has now been removed from the Edgware Road site, although police remain at the scene. Subject to completion of the forensic work and a fuller inspection of the tracks at Edgware Road, it is hoped that a full Circle line service may be restored in a couple of weeks. It is not possible at present to say how long restoration of the Russell Square site may take. Roads around Upper Woburn place remain closed at present, pending conclusion of the police forensic investigation of the site.

There has been a great deal of speculation about the ongoing investigation. The police will continue to give regular updates, but I do not intend to make detailed comments, since to do so could be damaging and might impede any resulting prosecutions.

The House will, however, be aware that there has been rapid progress on identifying productive lines of inquiry. A very large volume of information, including witness statements, CCTV footage, and evidence from the scenes and recovered from searched addresses, is already being analysed. The police and security services are to be congratulated on their work in this complex and fast-moving investigation. We are all determined to take whatever steps are needed to identify, track down and bring to justice all those involved in instigating, planning, and supporting these terrible crimes.

I turn to the forthcoming counter-terrorism legislation. As the House will know, I wrote to the right hon. Member for Haltemprice and Howden (David Davis) and the hon. Member for Winchester (Mr. Oaten) on Friday setting out our initial proposals for inclusion in the Bill. Copies of my letter were placed in the Libraries of both Houses. On Monday I met the right hon. and hon. Gentlemen to discuss the matter, and I should like to place on record my appreciation of the helpful and constructive tone that they both adopted.

My letter set out the main items which the Government believe should be included in the counter-terrorism Bill. I should stress that these proposals were drawn up before 7 July. As my right hon. Friend the Prime Minister indicated in his statement last week, we are discussing with the police and intelligence agencies whether there might be further powers that they need in the light of those events and the subsequent investigation.

The heart of the Bill is the creation of three new offences. The first of these criminalises acts preparatory to terrorism in order to ensure that early intervention does not mean that those responsible, who may be planning very serious terrorist crimes, should escape prosecution. The new offence will capture those planning serious acts of terrorism.

The second proposed new offence focuses on indirect incitement to terrorism. Direct incitement to commit acts of violence is already a criminal offence. The proposal targets those who, although not directly inciting, glorify and condone terrorist acts, knowing full well that the effect on their listeners will be to encourage them to turn to terrorism. So indirect incitement, when it is done with the intention of inciting others to commit acts of terrorism—that is an important qualification—will become a criminal offence.

Thirdly, the Bill will deal with the giving and receiving of terrorist training. Our existing law already criminalises much activity that could fall within that description, but we want to close the gaps to make sure that anyone who gives or receives training in terrorist techniques is covered. Legislating for those last two offences will enable the UK to ratify the Council of Europe convention on the prevention of terrorism, which I very much welcome. The Bill will also make a number of other amendments to existing legislation, which are set out in the letter that I have placed in the Library of the House.

I am very pleased to say that when we met on Monday, the right hon. Member for Haltemprice and Howden and the hon. Member for Winchester indicated that they were, in principle, prepared to support all these measures. Of course they will want to see, and contribute to, the detail as it emerges, and I have undertaken to keep them informed of developments during the summer. I am grateful to them for their support and hope that we can continue to proceed by means of consensus. In that spirit, both of them indicated to me on Monday that they were in favour of the Government decoupling this legislation from the further parliamentary consideration of control orders, to which I gave a commitment during the passage of the Prevention of Terrorism Act 2005, and bringing it forward for introduction in October. They further indicated to me that they were in favour of proceeding straight to introduction, without pre-legislative scrutiny, provided that they could have early sight of the draft legislation and that the normal parliamentary procedures and timetable were followed in both Houses.

On that basis, we are proposing to bring forward the legislation as soon as practicable when the House returns. We propose to return to the issue of control orders in the spring after we have the report from the

independent reviewer, Lord Carlile. He is not only the reviewer of the Prevention of Terrorism Act 2005, because he performs a similar function in respect of the Terrorism Act 2000. He published his most recent report on the operation of that Act on 26 May and I am grateful to him for a typically thorough and thoughtful report. Of course his report was published before the terrible events of 7 July, but he has since confirmed that his overall conclusions remain. I have today published the Government's response to his report and placed copies in the Library. We have given effect to several of his recommendations and are giving active consideration to others.

In the days and weeks since 7 July, many have raised concerns about extremists who seek to come to this country to foment terrorism, or to provoke others to commit terrorist acts. I have reviewed the Government's powers to exclude such people. The Home Secretary has powers to exclude individuals on the grounds that their presence in the UK is not conducive to the public interest. There is no statutory right of appeal against the exclusion decision, but of course it can be challenged through judicial review. In addition, immigration and entry clearance officers have similar powers. Any exclusion by them would generate a right of appeal. This power is currently informed by the operation of a warnings index of named individuals. I have concluded that these powers need to be applied more widely and systematically both to people before they come to the UK and when they are here.

In recent decades, for all Home Secretaries, the criteria for exercising these powers have generally been grounds of national security, public order or risk to the UK's good relations with a third country. In going beyond these grounds, we rightly need to tread very carefully indeed in areas that relate to free speech. However, in the circumstances that we now face, I have decided that it is right to broaden the use of these powers to deal with those who foment terrorism, or seek to provoke others to commit terrorist acts. To that end, I intend to draw up a list of unacceptable behaviours that fall within those powers—for example, preaching, running websites or writing articles that are intended to foment or provoke terrorism. The list will be indicative rather than exhaustive and we will consult on it, because it is important that we work with communities.

Where there are grounds for considering that a person has been engaged in such activities, or will do so in the UK, exclusion will be considered. I have asked my officials together with the Foreign and Commonwealth Office and the intelligence agencies to establish a full database of individuals around the world who have demonstrated the relevant behaviours. That database will be available to entry clearance and immigration officers and will be added to the current warnings index. I should make it clear that entry on that index does not necessarily mean exclusion, but in all cases it will trigger the possibility of a decision to exclude by Ministers.

In addition to using that list to ensure that those non-conducive powers are applied more widely and systematically at the point of entry, the specified unacceptable behaviours will not be permitted for individuals who have leave to enter or remain in this country. That power arises in various categories: for those here temporarily, for example, as visitors, students or workers, or their dependants and for those with indefinite leave to remain, any breach will lead to termination of their leave or deportation; for asylum seekers, we will, as a general rule, look to detain them and fast-track their claims; and for refugees, we will consider whether the behaviours described fall within one of the categories for exclusion from protection under the 1951 refugee convention.

We have already made it clear in the changes announced on refugee status earlier this week that any breach by a refugee of the categories for exclusion will trigger an immediate review of their status. We are already consulting on changes to the conditions for leave to enter and remain for ministers of religion, and we will consider with the faith communities whether further measures are needed.

I am also urgently seeking agreement with EU and other countries on the mutual exchange of information on exclusion decisions. The power of exclusion is necessarily targeted at those outside the UK. When people who are already in the UK engage in the kind of behaviour that I have identified and described, it may well be appropriate to deport them under statutory powers. I will ensure that a consistent stance is taken in relation to both deportation and exclusions. In the past, there have been some successful challenges to proposed deportations under article 3 of the European convention on human rights. For that reason, we have actively been seeking memorandums of understanding with a number of Governments to address those legal concerns.

I am pleased to announce today that the Governments of the United Kingdom and the Hashemite Kingdom of Jordan have reached agreement in principle on the provisions of such a memorandum of understanding, regulating the arrangements by which assurances regarding the treatment of particular individuals can be sought prior to their deportation. The formal signing of the memorandum of understanding will be arranged shortly, and a copy of the text will be placed in the Library once the signing ceremony has taken place.

I do not in general intend to comment on the position of particular individuals. In the light of recent public comments, however, the House may be interested to know that I understand that Sheikh Yusuf Al Qaradawi is not now planning to visit the UK in the near future. If he were to seek to do so, I would of course have to consider whether his presence would be conducive to the public good. I will follow the approach that I have set out today in the case of Sheikh Omar Bakri Mohammed and other individuals whose names are in the public domain.

I want to conclude by applauding the efforts that the leaders of the Muslim communities are now making to improve their capacity to fight extremism and protect young people. Positive proposals are emerging from a series of meetings between my right hon. Friend the Prime Minister, myself and others on strengthening our capacity to fight the destructive and nihilist philosophy of those who promoted the London bombings.

As I hope that I have demonstrated, there is unity of purpose. The Government want to work with other parties to ensure that we have the most effective anti-terrorism legislation on our statute book. Similarly, we want to work with the Muslim community to isolate and

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weaken dangerous extremists. I am grateful to all engaged in that important work, which I hope commands Parliament's support.

David Davis (Haltemprice and Howden) (Con): I thank the Home Secretary for bringing the House up to date and for his courtesy in keeping Opposition parties informed privately about developments during the past two weeks, when Britain has shown that it can and will come together to fight the new breed of terrorism that stalks our land.

The new breed of terrorism is extraordinarily calculating—al-Qaeda and its foot soldiers know precisely what they are trying to achieve by their wicked and despicable actions. The overarching aim of the 9/11 atrocity was publicly to destroy symbols of American economic and military power, in the twin towers and the Pentagon. The Madrid attack was designed to interfere in the domestic politics and foreign policies of Spain. The King's Cross atrocity, with its calculated trail of evidence leading deliberately back to the cities of northern England, was designed to demoralise and divide our communities and to set Muslim and non-Muslim against one another.

It is to this country's enormous credit that, in large part, that has not been allowed to happen. British people of all religions and none have stood together in the face of this appalling evil. As a result, almost two weeks on from that terrible Thursday morning in London, the terrorists and all who harbour and support them know that they simply have not won.

Our united response to terrorism stems from three separate sources; the Home Secretary referred to some of them. First, there are the police and the security services. I pay tribute to them at this time. They have come under considerable scrutiny in the days since 7 July, but we must never forget that when a terrorist gets through it is inevitably public, but when a terrorist is thwarted, it often remains secret. The services have acted with tremendous speed to identify those responsible, and continue to display the utmost professionalism in tracking down those behind them. In doing so, some of them have had to work in hideously unpleasant conditions, and I know that the whole House will want to join the Home Secretary in putting our gratitude on the record.

The second source is the Government and Parliament. I pay tribute to the calm and measured way in which the Government have conducted themselves in the last two weeks. They have been quick to make effective proposals to update our anti-terrorism laws, and I commend the Home Secretary for accepting our proposals to accelerate the process, without eroding proper parliamentary scrutiny.

The first new offence that the Home Secretary proposes, covering acts preparatory to terrorism, we have called for for some time. For the benefit of the House, will the Home Secretary describe the difference between that offence and simple conspiracy, or attempting to commit terrorist acts? I know that there are differences, and I would like him to outline them a little more, for the benefit of the House.

I also welcome the new law on the indirect incitement of terrorism. It is much better focused than the alternative proposals that have been suggested in the past. As so much of the effectiveness of such a law depends on the drafting, will the Home Secretary ensure that early drafts are available as soon as possible in September, so that interested parties—not just the Opposition parties, but bodies such as the Law Society—can pass judgment and therefore help to improve the law?

I also reiterate the point made by my right hon. and learned Friend the Leader of the Opposition during Prime Minister's questions—that we continue to believe that allowing the use of phone tapping evidence in court will help even further.

As for practical actions, will the Home Secretary re-examine the security of Britain's ports? Reports have suggested that an individual connected with the attack may have entered the country through one of our ports and been seen, or missed, by the security services. I do not expect the right hon. Gentleman to comment directly on that, but will he tell the House what action he is taking to ensure that all British airports and ports have the proper establishment levels, the special branch officers and the other staff to ensure that that sort of thing does not happen?

Finally, the attacks demand an active response from the community itself, particularly from prominent members of the Muslim community in Britain. They have already shown leadership over the past two weeks, and Muslims in communities across Britain have responded quickly and openly to requests for help from the security services and the police. The Home Secretary and I met senior members of all the faiths and community groups this morning, and they fully understand that the best way to fight home-grown terrorism is to root it out at its source. They have a clear responsibility to act, but there are several things that the Government can do to help.

There are good imams and bad imams, and it is no help to the good imams if we do not deal with the bad ones. Accordingly, I greatly welcome the Home Secretary's announcement today about strengthening his powers of exclusion, and his implicit reference to dealing with Sheikh Al Qaradawi and Sheikh Omar Bakri Mohammed. I hope that the Government will also consider going further, by looking to train, or to encourage the training of, more imams here in Britain, so that their teachings will be consistent with the society in which they preach.

I also hope that the Government will think about what they can do to deal with the issue of disaffected young people who travel to madrassahs, particularly in Pakistan, where some madrassahs appear to indoctrinate rather than educate. Action on that issue would be greatly welcomed.

Many words have been expended over the past two weeks as people from all areas of British society and beyond have united to condemn the attacks. As time goes on, those words will increasingly turn unto demands for action. With the proposals that the Government have set out this week, they have shown themselves ready to meet that demand, and I am happy to say that we continue to stand ready with them.

Ultimately, tackling terrorism in Britain will be a combined effort, with politicians, the police, the security services and the community working together. That is what we have seen in the past two weeks, and that is why we have been able to make such swift progress in identifying those who committed the atrocity, tracking those who supported and abetted them, and learning lessons to improve our defences in future.

If the House will allow me to indulge in a personal comment, I may say that I have known and been a friend of the Home Secretary for 30 years. The last two weeks have probably produced the worst events and the most important decisions that he has had to take. If I may say so, I commend how he, personally, has responded to and risen to the occasion.

If in the days ahead we are able to carry forward that model, our society and our country really will have come out of this ordeal stronger. That, I think, would be the finest tribute to all those who, sadly, were killed or injured in London nearly two weeks ago.

Mr. Clarke: I thank the right hon. Gentleman for his personal remarks, which I very much appreciate, and for the political support that he and his party have given to the whole of our approach. It is very important that we should work in the way that he has described, and I certainly can confirm my absolute determination to continue working in that way over the coming period.

The right hon. Gentleman raised several specific points. The offence relating to acts preparatory to an act of terrorism is intended to facilitate the prosecution of individuals known to have instigated an act of terrorism or to have been planning, preparing or conspiring to commit an act of terrorism. That is because there is a requirement to protect the public, which means that the police and security agencies may have to intervene early when they become aware of a terrorist cell, with the consequence that it may not be possible to know what precise atrocity was being planned. Indeed, the terrorists themselves might not have concluded on what form of action they would follow. That is the issue that we are trying to address with that offence.

I can commit the Government to making early drafts available in September and to doing so more widely than simply to the Opposition parties. That will allow us to look at where we are and see where we are going.

On interceptors evidence, the right hon. Gentleman will know that I still do not agree with the point that he is putting. However, as the Prime Minister made clear at Question Time, there is no issue of principle here; there is a practical issue of how to deal with it in a proper way. We shall continue discussing that point.

On ports, we shall continue to keep the situation very much under review. We shall look consistently at the security arrangements on ports, but I have to say that the co-operation in the way that the various agencies are working together is extremely good at this point.

Finally, the points that the right hon. Gentleman made about the community are absolutely true. I want to address two dimensions. From the very beginning, from Thursday 7 July, we have brought together faith leaders of different faiths who are already working strongly together and who need to continue to do so. They have been exemplary in the way in which they have operated, and we need to continue to develop that.

The second strand, as the right hon. Gentleman implied, is to work with the Muslim community in particular to strengthen those forces within that community who want to develop their relationship with the wider society in a strong and constructive way. There are interesting issues about the training of imams that need to be addressed. I note that the Church of England and the Catholic Church have, through their teacher training colleges, which are now university colleges, found a range of ways of looking at some of the issues. It may well be worth exploring whether work could be taken forward in that way for the Muslim community and other faith communities. I hope that that will arise out of the conversations that we will hold.

Mr. Mark Oaten (Winchester) (LD): I thank the Home Secretary for notice of his statement and for the approach that he has taken over the past couple of weeks. In particular, I thank him for the constructive meeting held on Monday. As he knows, the Liberal Democrats have offered our support for the three measures that he has outlined. We believe that they could contribute towards security in this country.

The measures on indirect incitement to terrorism will be difficult to define, and I welcome the Home Secretary's constructive approach in working with all parties on the wording. Does he agree that the key to the law will be to produce a wording that can stand up in court but which is not so wide in scope that it could ever be misused in future?

The Home Secretary knows that we still have differences on control orders. I welcome the idea of raising those differences and working with the Government when they are debated in the spring. When will he next report on the number of control orders issued, and does he agree that that report cannot wait until Parliament returns in mid-October?

The Home Secretary has stressed in the past that he believes that the intelligence services have the resources that they require. However, it is local police who are in the front line and who often provide essential back-up for the intelligence services. Is he satisfied that the Met and local police forces that have major cities in their area have the resources to be able to provide that essential back-up?

On deporting, which the Home Secretary mentioned in his statement, he said that he would seek memorandums of understanding with other countries on human rights. What system will be put in place to check that countries stick to the commitments in the memorandums, and would he favour some form of independent assessment to see that that is being done?

Finally, it is our firm view that good legislation needs good debate and scrutiny by parliamentarians. The Liberal Democrats will play our part in that process, but we do so from the firm belief that all parties should work together on these measures to send the terrorists the strongest possible signal that parties committed to democracy in this country are determined to join together to defeat them.

Mr. Clarke: I am very grateful to the hon. Gentleman for his comments, which I appreciate and accept entirely. I appreciate, too, the way in which he and his colleagues have worked on these matters in the past days. We shall continue to work in that spirit.

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The hon. Gentleman asked about the wording standing up in court, and that is precisely the point. He is also right to say that the drafting issues on the inciting offence are by no means straightforward, which is why we shall discuss them in the way that he suggested. He is quite right that the offence will have a value only if it can stand up to the scrutiny of courts at a later stage, and that will be a central principle in what we do.

On control orders, we are committed to reporting every three months on the operation of the regime. We reported after the first three months a few weeks ago and will next report at the next three-month point, which is in, I think, the second week of September. We will, I hope, report via the parliamentary process at that time, although it is yet to be resolved exactly how. Certainly, under all circumstances, we will report as we have committed to.

On resources for policing, I do believe that extra resources for policing have made a difference, particularly the extra resources for the intelligence services, which, I have been told, have made a significant difference already to their work over the recent period. I accept the point that we will need to review how resourcing has been over the period. I have had initial discussions with the Commissioner on one or two aspects of that, and we will keep it under close review.

On the memorandums of understanding, the hon. Gentleman is quite right to say that they must be capable of including a monitoring process that will be seen to be acceptable. The question of the independence or otherwise of the assessment will be dealt with on a country by country basis. We have been active in pursuing the agreements, and I am delighted by the announcement I have been able to make today about Jordan. The memorandums will themselves have to stand up in court when courts come to consider how article 3 operates.

Finally, I appreciate the hon. Gentleman's commitment to a healthy debate on those matters. I, too, will try to give as good as I get.

Ann Keen (Brentford and Isleworth) (Lab): I congratulate my right hon. Friend on the way in which the process has been conducted, particularly in my borough, Hounslow, which is a well established multicultural community. My right hon. Friend mentioned recruitment to the police in his statement, particularly from the Muslim community. The borough commander in Hounslow, Dr. Diziea, is from that community, and I would welcome any opportunity to discuss with my right hon. Friend his role in helping in any way.

Mr. Clarke: I thank my hon. Friend for her comments. I know the borough commander and his work, and I share her assessment of him. I spoke earlier today with the Commissioner about precisely these matters. He sees two major areas that he will seek to develop in conversations he will have next week. The first is the recruitment of Muslim police officers, which my hon. Friend referred to, including at senior level. The second is how to develop work on counter-terrorism in a strong way that ensures nationally, and not just in London, that there is a strong relationship with the Muslim community that can help to detect any proposed terrorist acts.

Mr. David Lidington (Aylesbury) (Con): Will the Home Secretary thank the chief constable of Thames Valley for the professionalism with which his officers and the Met carried out their operation in Aylesbury last week? Will he welcome the denunciation of terror and the strong support for the police expressed by the imam and the leaders of the mosque in Aylesbury? Does he agree that alongside the counter-terrorist measures that he is rightly bringing forward, we as a country need to address why a minority of young men from our Muslim communities feel so disaffected, not only from mainstream white society but from the older generations of their own communities, that they have, in a minority of cases, wanted to listen to those who were urging extremism and hatred?

Mr. Clarke: I am happy to reinforce the hon. Gentleman's praise for the chief constable of Thames Valley police. The police in general have done an outstanding job, particularly in areas such as Aylesbury, Leeds and London, where there have been particular challenges.

I was delighted to read of the denunciation by leaders of the Muslim community in Aylesbury of these terrible atrocities. It is particularly important, if I may say so, that the communities directly involved make explicit, strong and courageous statements in the way that the hon. Gentleman describes. It is critical to twin that with the determination to root out the causes of this behaviour.

On disaffected young people, that is an issue of the ages that we have to address. This morning we had a good discussion—the right hon. Member for Haltemprice and Howden (David Davis) was present—with several people from different communities about what we can do. I can confirm that following those discussions the process will continue, with some specific propositions over the summer. I do not want to imply that it is an easy issue, because it is not—it is quite fundamental.

John Battle (Leeds, West) (Lab): I thank my right hon. Friend for his calm and measured leadership in the past two weeks. Will he join me in offering a word of tribute to people in the Burley Lodge area in Leeds? I rushed home on Tuesday because they were evacuated from their homes while the whole area was searched for a bomb factory. When I got to the community centre, I found that only 34 people from the 470 homes that had been evacuated were there because the rest had been taken into the homes of families, friends and neighbours, cutting across racial, religious and cultural divides. That quietly demonstrates the forbearance and tolerance that could be a hope for the future in our communities.

I thank my right hon. Friend for the way in which the police and the security services worked with the local community at the tape barrier during the crisis; it was a model of police and community relations. Does he agree, however, that while we work on the taskforce initiative and on building a consensus for necessary new legislation, it will be crucial in the next few weeks that all

sections of the community, including peoples of different faiths and none, work together to ensure that we are vigilant—watching out for each other—without turning into vigilantes? Life could be difficult in our neighbourhoods unless we develop a deep respect and calm in our neighbourhoods while we work to address the complex challenges that this has thrown up.

Mr. Clarke: I am grateful for my right hon. Friend's remarks, particularly his references to vigilance and respect. Those are key words for us all in the way that we operate, and he is right to highlight them.

I join my right hon. Friend in paying tribute to the police and community leaders in Leeds. In the immediate aftermath of the events, I was particularly glad to have his advice on how to deal with them. I pay tribute to the role that he played in seeking to lead his community in the direction that he describes, which has been very important.

Mr. William Cash (Stone) (Con): Will the Home Secretary take account of the need to review the Human Rights Act 1998 in the context of these terror attacks? I am sure that he appreciates that severe difficulties arise if that Act gives judges the right to make decisions that should properly be taken by him and through legislation in this House. Does he agree that were he to provide for a "notwithstanding" clause—as in "notwithstanding the Human Rights Act 1998"—before legislating, he would be able to overcome many of the difficulties on control orders, as I indicated in a Bill that I introduced a few months ago?

Mr. Clarke: The hon. Gentleman is a long-standing campaigner on the European convention on human rights; I am not sure whether that is simply because it comes from Europe or because he does not like human rights. Nevertheless, these are important issues. The right way to proceed is not by withdrawing from the convention, but by respecting human rights and trying to ensure that we can carry that through in an effective way.

Mr. John Denham (Southampton, Itchen) (Lab): Does my right hon. Friend share my concern that some of those who have sought to understand and explain what happens have sometimes been accused of justifying what happens, and that in the current circumstances it is important that there is an open debate that recognises the causes of the London bombing?

On the legislation, the House is in recess for three months, but Select Committees are not necessarily so. Will my right hon. Friend consider publishing the draft Bill in sufficient time for the Home Affairs Committee to consider it before the House comes back?

Mr. Clarke: On my right hon. Friend's last point, I will certainly consider doing that. I appreciate the implicit offer in his readiness to see whether the Select Committee might meet although the House is not sitting. I will consider in conversation with him whether that might be a device to help further positive consideration.

On the more general point, I agree that care has to be taken. Some voices are immoderate in the way in which they address these questions, although immoderacy can perhaps be understood in the circumstances with which we are dealing. In general, although there are exceptions, the response of even the most extreme elements of the media has been positive rather than negative, and all parts of society have been trying to respond in a positive way.

Mr. Alex Salmond (Banff and Buchan) (SNP): As much as the Home Secretary has said, I thoroughly support. However, why do we have to depend on *The New York Times* to find out that the joint terrorist analysis centre, working from MI5 headquarters, concluded in June:

"Events in Iraq are continuing to act as motivation and a focus of a range of terrorist related activity in the U.K."?

Why have the Government been so adamant that Iraq is not a factor—not a reason or an excuse, still less a justification, for atrocity, but a factor—in terrorist capability within the United Kingdom? We have had academic opinion in the Chatham House report and public opinion in yesterday's poll in *The Guardian*, and now we find that that was the view of the joint terrorist analysis centre in June. Has the Home Secretary seen that report and how does he reconcile it with the views expressed by the Government over the past two weeks?

Mr. Clarke: On the JTAC report, I will commit myself simply to the remarks made by the Prime Minister during Prime Minister's questions.

On the more general point, there is a serious intellectual flabbiness on the part of those who argue that Iraq was the cause of this issue. If one looks back over the past 10 years at the appalling atrocities that have taken place across the world, including 9/11 and other events, one realises that many of them took place in different circumstances before the Iraq war was engaged upon.

It is very important to say that large numbers of perfectly reasonable people think that the Government's position on Iraq was wrong, but that does not mean that they are on the edge of being terrorists. It is perfectly okay to disagree with the Government. The Government had to come to a decision; I think that it was the right one. People can have their different opinions—that is perfectly legitimate and part of the debate that can take place. However, it is completely mistaken to imply—I am not suggesting that the hon. Gentleman implied it in quite this sense—that if one says that the Government's position on Iraq was wrong, that takes one to the edge of moving towards a terrorist attack.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I very much welcome the Home Secretary's statement and the proposals in it. Does he accept that the root cause of the terrorist problem facing us is a global ideology that fuels hatred and that cannot be dealt with other than by facing it head on and accepting it for the evil that it is? Does he also agree that it is unacceptable for people to excuse or support suicide bombings outside this country, yet claim to be against the same sort of action within our shores?

Mr. Clarke: I strongly agree with both my hon. Friend's points. I believe that her explanation is much

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nearer the problem with which we have to wrestle in trying to understand why the appalling events took place. We have to contend with a quasi-ideological set of issues. Not only all of us here, as Members of Parliament, in Government and in Opposition, but the communities—especially the Muslim community in the case that we are considering—must contend with it. We have to be engaged in the argument. It is our job, especially mine, to do whatever we can with the Muslim community to help it to address the matter. However, my hon. Friend has put her finger on precisely the sort of issues that we must address when thinking our way through the problem.

Sir Nicholas Winterton (Macclesfield) (Con): May I join my right hon. Friend the Member for Haltemprice and Howden (David Davis) in congratulating the Home Secretary on the way in which he has handled matters since the atrocities were committed? Will the Home Secretary join me in congratulating the people of London and elsewhere on their refusal to be intimidated by the brutal acts and murders? Will he also assure hon. Members that any legislation relating to the terrorist acts that he intends to introduce will not be burdened—if I may use that word—by an unnecessarily harsh programme motion? I believe that adequate opportunity for all hon. Members to contribute positively is vital. Does he accept that if he excluded fanatical clerics, such as Abu Hamza, it would suggest to the people of this country that the Government and Parliament are serious about eradicating fanaticism?

Mr. Clarke: I hope that my statement will help to address the last point. On the second point, it is not for me to prejudge the usual channels—I have always sought to avoid that in my political life. However, I reaffirm the commitment that I gave in the statement, which was agreed with the right hon. Member for Haltemprice and Howden (David Davis) and the hon. Member for Winchester (Mr. Oaten), that there will be time for proper parliamentary scrutiny of the issues in both Houses and that that should form the context of the discussion between the usual channels.

Of course, I agree with the hon. Gentleman's comments about London, but I want to add one point. The response was due to the quality of our emergency services and the police, and the confidence that they—no one else—gave the people of London that the situation was being handled and was under control. It was also due to the absolute determination of all faiths to maintain the strength and reassurance that was part of the approach. That has re-established the importance of all faiths in our national life. I believe that that was one of the things that allowed the people of London to respond as strongly as they did.

Margaret Moran (Luton, South) (Lab): Will my right hon. Friend join me in congratulating Bedfordshire police and the emergency services on dealing with the difficult situation of the bomb scare in Luton and on the positive community relations that they have maintained? Will he clarify whether his proposals on indirect incitement would deal with the activities of al-Muhajiroun-related groups, which distributed inflammatory literature on the day after the terrorist attack in London? How can we deal with that issue without creating more so-called martyrs?

Mr. Clarke: I absolutely associate myself with my hon. Friend's congratulations to Bedfordshire police and the communities in Luton. There were difficult problems there and they were handled extremely well. I pay tribute to my hon. Friend's efforts to try to move matters forward.

I shall not say what the relationship will be between the legislation and the group that she mentioned. However, I stress that the measure will cover the issue that she raised. I do not draw any specific conclusion for the particular group to which my hon. Friend referred, but the issue will be addressed. We have to do that by getting maximum support throughout all communities for dealing with incitement. We cannot simply let it all go on without taking a stance against it. We must address it and we call on all communities to work with us. I commit myself and the Home Office to working as closely as we can with communities in Luton and elsewhere to tackle those matters.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): Any measure that undermines terrorism is welcome. However, I remind the Home Secretary that in 1998, after the Omagh atrocity, the House was recalled to introduce special legislation to combat terrorism, yet no one has ever been prosecuted under that measure. In proposing to criminalise acts preparatory to terrorism—I welcome that—is not intelligence gathering as important as evidential information in securing prosecutions? Is not the use of phone tap evidence to secure convictions for acts preparatory to terrorism crucial? Drawing on our experience in Northern Ireland, is it not time that the Home Secretary accepted the need to use phone tap evidence to secure prosecutions against terrorists, who are adept at avoiding leaving a trail of evidence?

Mr. Clarke: I understand the hon. Gentleman's point. It is one of the issues that we considered in the review that the Prime Minister commissioned on the use of intercept as evidence and on which I reported to the House earlier this year. As I have said, we have to discuss the matter further—I am sure that we will do that in Committee—to ascertain how we deal with it. However, the hon. Gentleman is fundamentally correct in saying that intelligence is our key weapon. That includes communications evidence. We must analyse how we ensure that we maintain the ability to collect intelligence and do not jeopardise our capacity to do that while getting the evidential basis for successful prosecution.

Mr. Gordon Prentice (Pendle) (Lab): Is it not a priority that we train imams here for the British Muslim population of 1.6 million? Until we reach that stage, will we make it a condition of settlement for imams to be able to speak and understand English? Will imams be quizzed on their views when they apply for settlement?

Mr. Clarke: Language is a requirement in the new proposals, which we sent out for consultation early this week, just as my hon. Friend suggests. Quizzing on

ideological or philosophical views is not yet part of our proposals, but I shall listen to my hon. Friend's comments in the consultation that is currently taking place. On training imams, several senior community leaders made that precise proposal in the meeting that I held with them this morning. I committed myself to considering it carefully for the reasons that my hon. Friend implies. One of the under-appreciated points is that Muslim communities differ according to which part of the world they are in. That is why my hon. Friend's point has force and we are obliged to ascertain how it can be taken forward constructively.

Mr. Gerald Howarth (Aldershot) (Con): While I welcome the creation of the new offence of indirect incitement to terrorism, I point out to the Home Secretary that some of us, including the hon. Member for Hendon (Mr. Dismore), have been warning about the activities of fanatics for the past 10 years, yet the Government have taken no action. I sent the Home Secretary's predecessor, the right hon. Member for Blackburn (Mr. Straw), a letter in 1998 about Omar Bakri Mohammad. In it, I stated that unless the British Government made it clear that we would not tolerate incitement here, we would find that other fanatics would be encouraged to follow Bakri's line and that our institutions would be subject to attack. It is important to tell the House whether the previous pronouncements of people such as Omar Bakri Mohammad will be called as evidence and taken into account. He openly condoned the attacks on our ally, the United States. If only future incitement is taken into account and people's past pronouncements are ignored, we will do the people of this country a disservice.

Mr. Clarke: I will not comment on individual cases, as I said in my statement, but I confirm that all aspects of conduct will be taken into consideration when deciding what action should be taken. The Home Secretary's powers in relation to acts that are not conducive to the public good are important in principle. Getting the balance right is important. I hide from no one the fact that the events of the past few weeks have changed my view to some extent about the direction that we should take. It is a difficult balance and judgments must be made, but I have made the statement today because I believe that we need to consider the situation in a slightly different way.

Chris McCafferty (Calder Valley) (Lab): May I congratulate my right hon. Friend on his statement and the police on their remarkable forensic work since the London bombings? Will my right hon. Friend comment on recent reports that, following the Madrid bombings, the police were able rapidly to identify the owners of the mobile phones that were used as detonators because, in Spain, an ID card is a prerequisite to purchasing a mobile phone? Does he agree that although ID cards are not a panacea, they may be a useful tool in the fight against terrorism?

Mr. Clarke: My hon. Friend puts it entirely correctly. No particular proposal—for ID cards or anything else—is a panacea, but they can provide useful tools, and her account of the events following the Madrid bombings is correct. I am not making the argument that anyone should change their view about particular proposals for legislation—for example, ID cards—as a result of the events of 7 July. However, I do ask people to take all the issues into account in the round in the way that my hon. Friend has suggested. That is certainly the way in which we will approach this.

Sarah Teather (Brent, East) (LD): My constituent, Shyanuja Parathasangary, perished in the bombings on 7 July. She was around my age and was travelling on the No. 30 bus, on her way to work, with many other Londoners. My thoughts—and, I am sure, those of the whole House—are with her family at this time as they struggle to come to terms with their enormous loss. Her family are from Sri Lanka, like many residents of Brent. All nations and all faiths are represented there, and people live alongside one another in remarkable harmony. Does the Home Secretary agree that great care must be taken over the language that we use to describe these atrocities, to ensure that community relations are not inflamed? Good community relations are hard won, but very easily lost.

Mr. Clarke: I certainly agree with the hon. Lady, and I have tried to behave and to use care in the way that she suggests. I, too, had a constituent who died on 7 July in those events, and I am acutely aware of the sensitivities that the hon. Lady describes. The most important duty that we have towards the friends and families of those who perished is to learn our lessons and to show how we can build in the future a society that has increased strengths. That is certainly what I will seek to do.

Mr. Andrew Dismore (Hendon) (Lab): Among the fatalities were four people from my constituency. They were four people from four different ethnic community backgrounds, so the tragedy has seriously affected the whole of my constituency and been a great source of distress to us all. I welcome my right hon. Friend's comments regarding the extremist clerics but, as the hon. Member for Aldershot (Mr. Howarth) said, this is not a new issue. Since 1998, I have consistently raised in the House the activities of Omar Bakri Mohammad and others. My right hon. Friend already has the power to remove indefinite leave to remain, which is the basis on which Omar Bakri Mohammad is in the UK. Will my right hon. Friend give urgent consideration to removing his indefinite leave to remain under those powers, so that we can take steps to remove him from this country?

Mr. Clarke: As I said, I am not going to comment on individual cases, beyond the general discussions that I have had. However, I shall certainly listen to any representations made by hon. Members after they have had a chance to study my statement today. I accept my hon. Friend's deep concern following the deaths of his constituents.

Dr. Julian Lewis (New Forest, East) (Con): If an individual were totally to condemn suicide bombings in Britain but to condone or applaud them in Baghdad, Ankara or Tel Aviv, would he or she be caught by the new offence of indirect incitement, however it is finally defined?

Mr. Clarke: I am not going to prejudge the debate that we shall have in the House and the other place on

[Mr. Clarke]

that legislation. However, I will say that suicide bombing and the killing of civilians—wherever it occurs, anywhere in the world—is simply unacceptable, full stop. It is terrorism of whatever description. I do not think that there is a difference between British people who are killed in terrorist outrages such as that in London on 7 July, and people who are killed in terrorist outrages in the places that the hon. Gentleman mentioned. That has to be the motivating spirit behind the way in which we address these questions.

Keith Vaz (Leicester, East) (Lab): May I join others in the universal praise for the Home Secretary and Sir Ian Blair for the exceptional way in which they have conducted themselves over the past few weeks, and for the dialogue that the Home Secretary has personally established with the Muslim community in Britain? One of his proposed measures, however, will put greater pressure on the entry clearance operation. Will he ensure that more resources will be given to the posts abroad that have to deal with these applications, particularly Islamabad and Karachi, where the situation sometimes seems chaotic? Will he give me an assurance that the extra attention that will be paid to these cases will not in any way affect the genuine people who wish to come here as visitors, and who might face the prospect of more refusals because entry clearance officers will obviously have to be very careful? Will he also put these measures to the community groups when he meets them?

Mr. Clarke: I appreciate my hon. Friend's remarks, which are genuinely well meant. Yes, I will give the assurance that he seeks that existing procedures will not be slowed up by the process that he has described. I will also give the assurance that I will look into the precise resources implications that will arise. I know that my hon. Friend will agree that the best way to secure strong community relations in this country is to have good, effective, accurate decision making on visa and other applications from other countries throughout the world. That is what we are trying to achieve.

Angela Watkinson (Upminster) (Con): The Home Secretary will know that firefighters are in the front line of emergency rescue operations. Tributes have been paid today to the splendid response of our emergency services in the aftermath of the London bombings. He will know that firefighters are often first on the scene, and are therefore the most vulnerable to secondary devices. He will also know that most insurance policies have exclusion clauses for acts of terrorism. What discussions has he had, and what plans has he, to ensure that, should there be similar incidents, our splendid emergency services have proper protection?

Mr. Clarke: The hon. Lady is right. The answer is that I have not yet had any discussions of the kind that she describes, but I am chairing a meeting tomorrow to get responses from a wide range of elements among those who are involved in this approach, to determine what lessons we have learned. I shall ensure that that point is considered at the meeting.

Mr. Sadiq Khan (Tooting) (Lab): Has my right hon. Friend recently re-read the excellent Home Affairs Committee report on terrorism and community relations? If he has, he will have seen that one of the recommendations made in March 2005 was that the Government should ensure that British Muslims were fully engaged in the formulation of any new anti-terror legislation. What steps is he taking to implement that recommendation? Does he agree that while the consensus between the political parties inside Parliament is welcome, it is even more important for there to be consensus between Parliament and our citizens? All the strands of our community signing up to the anti-terror legislation could—with a fair wind and God willing—result in there being no more terrorist attacks in the UK.

Mr. Clarke: My hon. Friend is completely correct. I have not recently re-read the Home Affairs Committee report but, prompted by his suggestion, I shall certainly take it to the beach this year and make sure that I get on top of it. My hon. Friend is entirely right: the serious point is that it is critical that everything that we do is widely understood and supported in the community. That is why I gave a commitment in my statement to consultation on a variety of the issues that we are talking about, and I can confirm that that will be our approach.

John Hemming (Birmingham, Yardley) (LD): I am sure that the Home Secretary will join me in welcoming the condemnation by Muslims in Birmingham—particularly in the Acocks Green ward of my constituency—of the attacks on London. Does he agree that to achieve a calm and peaceful world we need to stand on two legs: security and justice? We cannot have justice without security but, at the same time, we cannot have security without justice. We need to focus on ensuring that justice is done, nationally and internationally, and that it is seen to be done, for example, under international humanitarian law. The proposal for ID cards was mentioned earlier. Such cards might not be able to prevent attacks such as these, and there is an argument in regard to ID cards about whether one can do things ex-post facto. There is also an argument about whether closed circuit television would be more cost effective.

Mr. Clarke: These are serious issues. CCTV is an extraordinary case. Its utility in this investigation has been of particular importance. Where there are serious issues of human rights—which there are—there needs to be proportionality in dealing with them. That includes CCTV, ID cards and the retention of telecommunications data as evidence. I hope that all parties in the House—I look to the hon. Gentleman's Front-Bench colleagues—will look at all of these proposals in an appropriately proportionate way.

Mr. Chris Mullin (Sunderland, South) (Lab): In regard to port security, I was visited last Friday by a constituent who is a coach driver who regularly travels between here and the continent. He told me that security—for coach drivers, anyway—had deteriorated to the point of being almost non-existent in the past few years. Does my right hon. Friend have any plans to review the situation at ports, particularly in relation to coach drivers? My constituent says that someone trying to smuggle something in would only require an alliance

with the coach driver, not the co-operation of passengers. He raises what I think is quite a serious issue, although I appreciate that these days most port security is intelligence led.

Mr. Clarke: The national co-ordinators of special branch and ports police are actively reviewing the situation that my hon. Friend describes. I do not know, but I assume that they are considering the coach issue specifically, along with other issues. He is right that it needs examining carefully, and we are doing just that.

Michael Fabricant (Lichfield) (Con): I very much welcome the Home Secretary's statement. May I focus on one specific point? He rightly identified the role of websites in inciting violence and said that he would control that. But he knows as well as I do that websites can be generated from outside the United Kingdom. What discussions has he had with internet service providers in the United Kingdom so that if websites are identified as inciters to violence and terrorism, ISPs based in the UK will block them?

Mr. Clarke: We have had two types of discussions. The first is with other countries. About a month ago, we had a specific session on this point at the G8 meeting of Interior Ministers in Sheffield, which is relevant to the hon. Gentleman's point, as one or two of the G8 members are places from which websites can be run. We agreed to increase significantly our work to address that point, which is also being addressed in the EU context. Secondly, I have had discussions about such developments with some ISPs, but in the context of child pornography rather than in this context. The hon. Gentleman is right, however, and we will move in both directions—through the industry and in relation to particular jurisdictions—to see how we can take matters forward.

John Bercow (Buckingham) (Con): The Home Secretary's forthcoming legislation deserves the most painstaking and sympathetic scrutiny. In making the case for it, notwithstanding what he has said about the broadly responsible media reporting of recent events, will he accept the need to underline constantly that we are seeking to upbraid and prevent acts by a tiny minority of people who want to destroy this country? He and all of us recognise that the overwhelming majority of people who seek to come to this country, whether to study, work or be granted asylum, have no ill designs on us and would deprecate terrorist atrocities as vociferously as all of us in the House.

Mr. Clarke: The hon. Gentleman's attention to legislation is always painstaking, and I am sure that that will be equally true with this legislation.

I can give him the assurance that he seeks. We are talking about a tiny number of people, but the deep truth, as he well knows, is that it is possible for even a tiny number of people to do immense damage, so the challenge for us is how to get the right approach, and the legislation is focused on trying to do that.

Paul Rowen (Rochdale) (LD): I am sure that the Home Secretary is aware of the activities of several organisations, some of which are banned in other countries, that prey principally on young male Muslims? What does he propose to do to monitor and deal with those, and more important, have the Government given some thought to what positive action we might take to engage some of these disaffected young people to turn them away from some of those organisations?

Mr. Clarke: First, I think the measures I announced in my statement will help with some of the issues that the hon. Gentleman describes. Secondly, through the process of the discussions to which I referred earlier today, a conscious and positive effort is taking place to consider how we deal with disaffected young people and communicate more effectively with them.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The Chancellor's pledge of £10 million to support the survivors and the families of the victims of the London bombings is most welcome and appropriate. I hope that the Home Secretary will agree that had the event taken place abroad, not a penny of this money would be available, because it comes from the criminal injuries compensation scheme, and none of the money is available unless an incident takes place in the UK. Will the Secretary of State therefore reconsider and extend the scheme so that financial support is provided regardless of where the incident takes place? Sadly, the events of last week have shown that terrorism occurs all over the globe, and our support for Britons caught up in such horrific events should also have no boundaries.

Mr. Clarke: First, I am aware of the hon. Gentleman's very personal understanding of these issues, and I appreciate the way in which he put his point. I am ready to consider all these questions, but if we are being candid, there is a real problem. The regime under which compensation is dealt with, for people who die in a series of circumstances and in different ways, is complex and confused. As he rightly says, we have a criminal injuries compensation scheme that deals with issues in this country. There are particular schemes to deal with great natural disasters such as the tsunami, and a different set of issues arise particularly when there is strong public feeling, for example about a train accident. It is important to try to find a more equitable approach to tackling these problems, but to be frank I do not have a good solution to offer at the moment, although I will consider his point carefully.

Point of Order

1.35 pm

Mr. John Hayes (South Holland and The Deepings) (Con): On a point of order, Mr. Deputy Speaker. Yesterday evening, there was some confusion in the House, and I am sorry to say that it was caused by the Secretary of State for Transport. In relation to the Select Committee being set up to deal with the Crossrail Bill, he may inadvertently have given the House inaccurate information when he said that

"if someone comes along with a petition on something different, such as varying the line of the route, no Government or, indeed, the House, would say that the Select Committee should not consider it."—[*Official Report*, 19 July 2005; Vol. 436, c. 1129.]

An instruction to a Select Committee of this type is quite explicit, however. The custom of the House is that such a Select Committee can take petitions only from people with a direct or specific interest in the subject. I would therefore ask not that you make a judgment now, which would be unfair, Mr. Deputy Speaker, but that Mr. Speaker makes a considered judgment so that before the matter is taken forward, everyone can be clear about what this Select Committee can or cannot be petitioned on, and what it can or cannot consider.

Mr. Deputy Speaker (Sir Michael Lord): I understand the hon. Gentleman's point of order and it is certainly not a matter on which I could give a decision now. I am sure that the Select Committee will consider the matter in great detail when it starts its deliberations. As regards Mr. Speaker, he will have seen his comments and will no doubt consider them, too.

Vehicle Registration Marks

1.37 pm

Mr. Mark Hendrick (Preston) (Lab/Co-op): I beg to move,

That leave be given to bring in a Bill to make further provision about the retention of vehicle registration marks pending transfer.

Registration numbers are not items of property in their own right, so it is not possible to acquire legal title to them. They are assigned to, and may be withdrawn from, vehicles rather than keepers, by the Secretary of State, as part of the basic registration and licensing process required by law. The registration number is a unique means of identifying a vehicle, primarily for taxation and law enforcement purposes. It is assigned to a vehicle, and it normally remains with that vehicle until it is broken up, destroyed or sent permanently abroad. To meet the widespread interest in personalised and cherished registration numbers, however, the Driver and Vehicle Licensing Agency provides special facilities to allow motorists to acquire and retain the use of particular registration numbers.

The current provisions stifle choice and flexibility for the individual and for business. Purchasers of marks on retention are understandably wary, as the keeper is currently unable to give away rights to the number at the point of sale by detailing a new third party as the grantee. That means that the purchaser of a retained number has no rights to it until he or she assigns that number to a vehicle, despite financial payment already having been passed to the vendor. In addition, the co-operation of the original grantee is required to effect assignment to the purchaser's vehicle. It is also the grantee who retains the right to purchase extensions to the 12-month period of entitlement for holding a number on certificate, even after the sale of a number to a third party. There is clearly potential for considerable loss to the purchaser of a number on certificate should entitlement to a number be lost through the non-co-operation of the grantee, or simply the practical difficulty of locating that person.

Attractive registration numbers can fetch large sums. I do not know whether my hon. Friend the Minister would be interested in the registration number DT1—probably not, because he might then be assumed to be a Minister at the Department for Trade and Industry rather than a transport Minister. If his middle name were Oliver, he might want a DOT registration. I am sure that both would be extremely expensive. There is, however, a growing business out there. One company trading from an office just outside my Preston constituency, newreg.com, has been hugely successful in building up such a business in a legitimate fashion, but elsewhere there have been several cases of organised criminal activity aimed at acquiring valuable numbers by illegal means.

The transfer and retention facilities must therefore be carefully controlled to cut abuse and protect individuals' interests. Only vehicles that exist and are registered at the DVLA, currently licensed, subject to an annual test and available for inspection may participate. Vehicles that satisfy those requirements are generally easier to identify, so their entitlement to the numbers claimed can be more readily verified. Those measures have proved very effective in limiting the scope for abuse, and they are strongly supported by the police.

Only the registered keeper of a vehicle may apply to transfer or retain its registration mark. As I said earlier, when a vehicle's registration mark is placed on retention the registered keeper becomes the grantee. The Cherished Numbers Dealers Association has requested the addition of a facility to the retention arrangements, to ease the administrative burden on the companies that make up the association and to improve sales.

Regulations provide that entitlement to a number that is on retention may pass to a third party only on assignment of the number to that person's vehicle via nominee agreement. That arrangement precludes the disposal of a number to a third party who wishes to keep the number on retention. I propose the introduction of an option for third parties to be granted entitlement as soon as the number is placed on hold under the retention facility.

The Bill would aid the industry involved in buying, selling and transferring registration mark rights, with no additional costs to Government. It would amend the Vehicle Excise and Registration Act 1994 to simplify the administrative process for selling cherished registration numbers, and would be warmly welcomed by many customers as well as cherished number dealers. The new facilities would allow an improved service at no extra cost to the DVLA or its customers, and would not endanger the accuracy of the record or lead to an increase in fraud. I understand that there has been informal consultation between the DVLA and the CNDA, and that both are strongly in favour of the proposed changes. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Mark Hendrick, Tony Lloyd, Mr. Jamie Reed, Mr. David Drew, Mr. Greg Pope, Mr. Neil Turner, Mr. Mike Hall, Steve McCabe, Paul Farrelly and Derek Wyatt.

Vehicle Registration Marks

Mr. Mark Hendrick accordingly presented a Bill to make further provision abut the retention of vehicle registration marks pending transfer: And the same was read the First time; and ordered to be read a Second time on Friday 11 November, and to be printed [Bill 48].

Council Tax/

1.44 pm

The Minister for Local Government (Mr. Phil Woolas): I beg to move,

That the draft Council Tax Limitation (England) (Maximum Amounts) Order 2005, which was laid before this House on 7th July, be approved.

The order will be made under section 52F(4) of the Local Government Finance Act 1992, which was inserted by the Local Government Act 1999. In my view, its provisions are compatible with the convention rights. It sets out maximum 2005–06 budget requirements for eight local authorities, which means that they are being capped in year. The eight authorities named in the order, all district councils, are Aylesbury Vale, Daventry, Hambleton, Huntingdonshire, Mid-Bedfordshire, North Dorset, Runnymede and South Cambridgeshire.

Subject to the House's approval, I will make the order and issue notices to the authorities about their maximum 2005–06 budget requirements—that is, their caps. They will then be required to recalculate budget requirements that are at or below the level of the caps. They will also have to send revised council tax bills for the current year.

On 23 March, my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) made a statement in the House about the capping action that the Government proposed to take in 2005–06. He pointed out that the Government had first used their reserve capping powers in 2004–05, and that we had made clear that we were prepared to take even tougher action this year if necessary. He said that he was pleased to see most authorities responding positively to the Government's strong message on council tax. Let me add some figures to those words. That means that 447 of the 456 authorities—98 per cent.—did not set excessive budget and council tax increases, which is a credit to those authorities individually and to local government as a whole.

Some authorities, however, did impose unreasonable increases on their council tax payers. My right hon. Friend therefore went on to say on 23 March that the Government were designating nine authorities with a view to capping them in year.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): Why did the Government recognise the position of low-taxing authorities last year by taking into account the absolute level of tax, and choose not to do so this year? Where is the consistency in that?

Mr. Woolas: The hon. Gentleman makes a point that he and his council have made before. It is true that the criteria applied this year were, in some instances, different from those applied in previous years. The Government are trying to avoid the second-guessing whereby councils try to set their tax and budgets at the level that they expect the capping regime to produce, which is a self-fulfilling prophecy. The hon. Gentleman's point has been noted. I hope that if he catches your eye, Mr. Deputy Speaker, I shall be able to answer his question more fully later.

Mr. Robert Walter (North Dorset) (Con): Will the Minister give way?

Mr. Woolas: I will take some interventions when I have set out the principles of the order.

As I was saying, my right hon. Friend announced that the Government were designating nine authorities. He proposed maximum budget requirements for them at levels that would not be defined as excessive according to principles determined by the Secretary of State. As I said in my written statement to the House on 7 July, when the order was laid, all nine designated authorities challenged the proposed maximum budgets.

The Under-Secretary, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), and I met representatives of all those authorities to listen to their cases. Having carefully considered the representations made by all nine of them—and, indeed, by Members present in the Chamber today—and having taken into account all relevant information, the Government have reached the following decisions. We have set a maximum budget for seven authorities—Aylesbury Vale, Daventry, Hambleton, Huntingdonshire, Mid-Bedfordshire, North Dorset and Runnymede—at the levels we proposed on 23 March. We have set a maximum budget for South Cambridgeshire that is £1 million higher than the originally proposed cap, in order to allow the authority time to reduce its over-reliance on reserves.

We have decided to cancel Sedgemoor's designation and to nominate the authority instead. *[Interruption.]* I am grateful for that acknowledgement. We propose a notional budget of £11,974,169 for 2005–06, which takes account of the fact that the authority made a genuine mistake in thinking that special expenses did not count against its budget for capping purposes. I should emphasise that in doing so we have not set a precedent for the treatment of special expenses in future capping rounds; authorities should be in no doubt that such expenses form part of their budget requirement. There is no parliamentary procedure involved in setting notional budgets for nominated authorities, so the draft order before us does not include Sedgemoor. But Sedgemoor has 21 days from receipt of the letter in which to challenge its proposed notional budget, should it choose to do so.

Mr. Eric Pickles (Brentwood and Ongar) (Con): The hon. Gentleman is laying this order before the House in order to protect council tax payers, but given that none of the capped authorities has a council tax greater than his own authority in Oldham, East, can he explain why he is not capping his own?

Mr. Woolas: The hon. Gentleman is talking about actual levels of council tax, but the capping order before us today relates to percentage increases. That is the regime and the policy being pursued. The legislative definition—by which the Secretary of State clearly has to abide—is concerned with what constitutes "excessive". I understand the point behind the hon. Gentleman's intervention, which other Members representing authorities affected by the measure have also made forcefully, although courteously and reasonably. They have asked whether this is a fair way to proceed, especially in cases where the council tax level is below the average for the type of authority in question. Of course, the counterpoint to that argument is the obvious, arithmetic one: ignoring the average level would simply bring about a self-fulfilling prophecy. We have to look at this issue from the point of view of the council tax payers in the affected areas.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): My hon. Friend mentioned the statement made by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), in which he laid down the criteria and said in conclusion:

"These principles have been applied to all authorities."—[*Official Report*, 23 March 2005; Vol. 432, c. 884.]

Does my hon. Friend not accept, therefore, that the capping criteria are universal—and pretty crude?

Mr. Woolas: They are neither crude nor universal. The increases proposed by some of the councils that we are discussing today, even after the cap has been put in place, are still greater than the capped increases being made by other councils. Members present have doubtless prepared speeches pointing out the alleged inconsistency in this viewpoint, but both viewpoints cannot be true. My hon. Friend, who has dealt with these matters for many more years than I have, and who has been a champion of local devolution and local autonomy, suggests that we are going back on our policy. Of course, we have to take into account local authorities' statutory duties and their particular circumstances, so I reject the accusation that the capping criteria are crude and universal. However, I have no doubt that my hon. Friend will carry on his campaign against any form of capping regime.

Mr. Walter: The hon. Gentleman referred to "excessive" spending and said that spending must be in the context of the area in question. Perhaps he can therefore explain why in my authority, a band D council tax increase of £98 is considered excessive, whereas in the neighbouring constituency—it was retained by his colleague, the hon. Member for South Dorset (Jim Knight)—Weymouth and Portland borough council has set a council tax increase of £232 for band D properties. Most of my constituents would say that those authorities are in the same area.

Mr. Woolas: Of course, different authorities of the same nature in similar geographical areas often have different budgets and apply different council tax increases. I remember following closely debates in this House that compared Lambeth and Wandsworth boroughs. I do not suppose that the residents of Lambeth were satisfied with the outcome, either, but that is the nature of local authorities. One has to start from where one is, and from the point of view of the council tax payer. However, if the hon. Member for North Dorset (Mr. Walter) is successful in catching your eye, Mr. Deputy Speaker, perhaps he can amplify his point.

Mr. Jim Cunningham (Coventry, South) (Lab): Does my hon. Friend not accept that we will always be in this predicament until we sort out the banding system and the standard spending assessment?

Mr. Woolas: I take my hon. Friend's point, but it would be wise of me to exercise caution and to refrain from commenting on the banding process at the moment. As we know, the Lyons review is examining the future of local government finance, and the standard spending assessment has been replaced by the formula spending share. Members who have followed these debates closely will have noted that yesterday I laid before the House a written ministerial statement announcing the consultation document on the future of the formula. We are consulting on whether we should continue with what is referred to as the notional level of council tax, which often causes confusion and is used by parties across the political spectrum to attack their political opponents. I understand why that happens, but on the whole it does not benefit local government.

We believe that the action proposed in the draft order, and the separate action that we are taking in respect of Sedgemoor, represent a measured and proportionate response to excessive increases. As we have said on previous occasions, capping decisions are not taken lightly. Indeed, I should like to make it clear for the benefit of the record that capping is very much a last resort, and that 98 per cent. of councils avoided the capping regime. In the first instance, it is for local authorities to set their council tax levels and to justify them to their local electors. But the Government also have a duty to protect council tax payers from the small percentage of authorities that set excessive increases. Indeed, the House agreed to that principle when it discussed local government finance legislation.

Miss Anne McIntosh (Vale of York) (Con): Why is the Minister so hooked on percentages? Surely the bottom line for council tax payers such as me who live in Hambleton is that it has the third lowest council tax in the country. Why is he penalising prudent Conservative-run councils that are keeping a low council tax?

Mr. Woolas: The hon. Lady has made a very strong case on behalf of her area on this issue, and in respect of other difficulties that it has suffered in recent times. I should perhaps take advice from those hon. Gentlemen who are about to instruct *Hansard* to insert laughter, but I must say that there is no party political element in this matter—*[Laughter.]* There is no pre-ordained position and even the most cynical of Front-Bench Opposition spokesmen on local government could not contrive to imagine that I would be ingenious enough to predict that this would affect only Conservative councils. Indeed, some of the local authorities affected have independent, Labour and Liberal Democrat members, some of whom are opposed to the decision and some of whom are in favour.

I believe that I have already answered the substantial point made by the hon. Member for Vale of York (Miss McIntosh), but let me cite two reasons for our decision. One is that we have to start from where we are. It is the excessiveness that is at issue, as specified under the legislation, and I am rightly obliged to follow up what that legislation specifies. It is the excessiveness involved in moving from A to B that matters. Secondly—*[Interruption.]* I am going to repeat this second point because the hon. Member for South Cambridgeshire (Mr. Lansley) is looking either threatening or puzzled—and quite possibly both. If he can contain himself and listen to my argument first, he can then disagree, although he will doubtless disagree with me whatever I say. My second argument is that using percentages covers the point about step changes and differences. Percentages help to address the real problem faced by Governments of any colour—the danger of the self-fulfilling prophecy.

Alistair Burt (North-East Bedfordshire) (Con): I thank the Minister for his courtesy in giving way and for the way in which he is manifestly making the best of an unbelievably appalling job. Whatever the formulaic procedure, I put it to the Minister that what constituents demand of us and what the people demand of the Government is a judgment: sometimes something that is set out in black and white becomes patently ridiculous or nonsensical, at which stage the Government should take the decision not to proceed with it. If the Minister applied his personal judgment to what he is reading out, he would not be in the position that he has to defend this afternoon.

Mr. Woolas: I thank the hon. Gentleman, who is among the most courteous Members of the House and a champion of his constituency. I recognise that what he says today is spoken on behalf of his constituency. The House will notice that no Member who has intervened so far, apart perhaps from my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), has disagreed with the principle of capping—*[Interruption.]*

Several hon. Members *rose*—

Mr. Woolas: Well, my preparations for this debate have just proved to be accurate in this regard, because if we can have a statement from the Opposition Front-Bench spokesman to say that his party would rule out any form of capping—universal, crude, targeted or otherwise—that would be interesting to hear. *[Interruption.]* Already, I hear some qualifications, but I look forward to Conservative policy being put clearly on the record when the hon. Member for Brentwood and Ongar (Mr. Pickles) speaks. I am sure that the hon. Member for Brent, East (Sarah Teather) will want to put her party's position on the record, too. Very high local income tax rates would, of course, follow any such pronouncement.

Mr. Andrew Lansley (South Cambridgeshire) (Con): We were on the subject of excessive spending and the Minister implied that he was effectively constrained by the legislation, but he knows that that is not true. The intention behind the Government's changes of 1999 was precisely to allow discretion in respect of the circumstances in which capping is applied as an exceptional measure. As far as South Cambridgeshire is concerned, the Minister has demonstrated such discretion by raising the cap, but where in the local representations has anyone suggested to the Minister that reducing the spending of South Cambridgeshire district council by 13 per cent. in comparison with last year's budget is an appropriate use of discretion?

Mr. Woolas: There will inevitably—and, I suppose, quite rightly—be some hon. Members who will want to make specific points about the budgets of their own

[Mr. Woolas]

councils and the consequential council tax increases. I will attempt to answer all the points if we can proceed to debate the issues sensibly within the time allotted. I can tell the hon. Member for South Cambridgeshire that the points that his council made have been listened to and its representations and correspondence have been answered, although not necessarily to its satisfaction.

I am confident, to answer the point raised by the hon. Member for North-East Bedfordshire (Alistair Burt), that these decisions are consistent not just with the letter of the legislation, but with the general point that the Government have a duty to perform on behalf of council tax payers. In 98 per cent. of cases, the policy has been successful.

Several hon. Members *rose—*

Mr. Woolas: I will give way one more time, but I am conscious that Mr. Speaker has had to apply limits to Back-Bench speakers and that every intervention I take limits the opportunities of hon. Members to contribute to the debate.

Sarah Teather (Brent, East) (LD): I just want to put on record our party's opposition to capping in principle and remind the Minister that it was not so long ago that his party was also opposed to capping in principle. How far we have moved since!

Mr. Woolas: I thank the hon. Lady for being clear about her party's policy—that there will be no capping regime of any sort whatever under a Liberal Democrat regime.

Mr. Jonathan Djanogly (Huntingdon) (Con) *rose—*

Mr. Woolas: I really must move on. As I have already said, the more interventions that I take, the fewer the opportunities for hon. Members to contribute to the debate.

The hon. Member for Brent, East made her point clearly. To be fair—something that I am always in favour of—my own party's manifesto, on which we fought the election, included the point that a limited capping regime was our policy. It is the case that, three years ago, council tax increased by 12.9 per cent. on average, before the capping regime, yet this year the average increase was 4.1 per cent. Those two statistics are not coincidental.

In laying this order, we are keeping our promise to act on excessive council tax increases. That promise was made in our manifesto. Opposition Members are too easily dismissive of another important point—the Government have provided all authorities with grant increases in line with or above inflation in all of the last three years. Overall, the funding that we have provided for local government has increased in real terms by 33 per cent. since 1997—a real terms increase of a third in the Government grant to local authorities. That compares favourably with what came before us, Mr. Deputy Speaker, although I do not want to say that all the evil was done under the last Conservative Government—just most of it. It compares with a cut in real terms of 7 per cent. in the four years before 1997. The financial regime and the financial climate for local authorities has changed substantially. In that context, local authorities have to look long and hard before proposing significant council tax increases. If central Government were to propose significant or, indeed, any increases in other taxation policy, Opposition Members would not be—*[Interruption.]* The hon. Member for Brentwood and Ongar says from a sedentary position that we have proposed other increases—

Mr. Pickles: Through the council tax.

Mr. Woolas: The hon. Gentleman may say that, but that is the very issue that I am addressing. People cannot have their cake and eat it—in that regard or any other.

Given the Government's substantial investment in local government, there is simply no justification for authorities setting excessive council tax increases. We have shown over the past two years that we will take action to deal with that. No authority should assume that it is somehow immune to or exempt from possible capping action in the future.

As I said, our general election manifesto reaffirmed our commitment to use these powers if necessary and as a last resort. It is up to authorities to take that message on board.

Those hon. Members minded to oppose this order must answer the following questions. Do they support percentage council tax increases that go well into double figures? Do they feel that the Government should take no action on increases of up to 100 per cent.? Will they go out and defend such increases to their constituents?

Mr. Philip Hammond: I will.

Mr. Woolas: Well, that is for each hon. Member to decide. We must not forget the public in this debate, and they have made their views clear. They are not prepared to accept excuses for excessive council tax increases—

Mr. Djanogly: Will the Minister give way?

Mr. Woolas: The hon. Gentleman is getting very excited, so I will give way to him.

Mr. Djanogly: The Minister says that he is responding to what residents and constituents have said, but that is not the case in Huntingdonshire. At the polls, people elected a Conservative administration based on the budget that he is now capping.

Mr. Woolas: I thank the hon. Gentleman for that intervention and I take it that, if he gets a chance to speak in the debate, he will make it clear that he—like the hon. Member for Brent, East—is opposed to any capping regime. I look forward to his contribution on that matter. I can assure the House that my folder is brimming with contrary reactions from people in respect of the council tax levels that have been set.

As I said, the public have made their views clear: they are not prepared to accept excuses for excessive council tax increases, either this year or in the future. The Government will not accept such excuses either. I therefore urge hon. Members to support the order.

2.11 pm

Mr. Eric Pickles (Brentwood and Ongar) (Con): The Minister said that his folder is brimming with correspondence from people in the various capped authorities making it clear that they want the capping regime. He would do the House an enormous service by publishing those letters in the Library. I suspect that the folder must be very thin.

The Minister has my sympathy. I have responded to capping orders such as this for some years, and I have never seen a Minister more uncomfortable or embarrassed. He has been given a dreadful task for his first major appearance in this role, and he is diminished in his office as a result. Those above him have sent him to the Dispatch Box like Captain Ahab in search of the great white whale, but all he has done is harpoon a handful of minnows.

Residents in Labour authorities have seen their council tax go through the roof year after year, while the Government have stood idly by. Now, the Government have sprung into action to cap eight Conservative authorities, and the weekly savings of all eight in total amount to less than a packet of crisps per council tax payer. The Local Government Association, at its press conference of 7 July, rightly called the capping decision "stupid". It expressed its dismay at the decision and said that it would leave local people short changed.

The LGA's Labour group leader is Sir Jeremy Beecham, a man much respected in this House. He said:

"We are, and have always been, opposed to capping."

So let us be clear: the eight councils involved would not have been capped if they had imposed the same increases in council tax last year. I can go further, and say that no capping regime under any previous Labour or Conservative Government would have caught these eight councils. They have been capped only because, close to a general election, the Government devised a set of rules to catch Conservative authorities.

The decision is not an administrative one, but represents political vindictiveness at its most base. All the authorities being capped are low-tax authorities. Compared to neighbouring authorities, they all charge residents less in council tax, even after original proposed increases for this year have been taken into account. These eight authorities charge low council tax, and yet they deliver high-quality public services.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): That is debatable.

Mr. Pickles: The hon. Lady says that that is debatable, but that is what Government statistics show. Is she disagreeing with her own Government? The Government's comprehensive performance assessment regime rated three of the eight authorities—Hambleton, Huntingdonshire and Runnymede—as excellent. Aylesbury Vale was rated good, and only one of the eight was rated below fair. If the hon. Lady wants to engage in a debate about the performance of those authorities, she ought to know that Opposition Members would be very happy to oblige her. We recognise a good council when we see one.

When the Government introduced the CPA inspection regime they made it clear that councils rated as excellent or good would not be subject to capping. The order before us today shows that to be yet another broken promise. Nearly all the authorities being capped are rural based. It can cost to provide the same services in rural communities as are provided in towns and cities but, despite that, the authorities covered by the order provide good services for their residents at low cost.

Only one authority—Sedgemoor district council—has escaped capping this year. I wondered about that, and decided to have a close look. It has escaped because it did not impose much of an increase in the first place. However, a town council within Sedgemoor district council area is controlled by the Labour party. It was decided that that town council should put a significant amount into this year's increase, whereas the sensible thing to do would have been to spread that amount around. Perhaps the Minister could not bring himself to cap an authority whose increases were caused by fellow Labour party members. There is clearly one rule for the Conservative party, and another rule for Labour.

Mr. Betts: Will the hon. Gentleman give way?

Mr. Pickles: After what he said about crude and universal capping, how could I refuse the hon. Gentleman?

Mr. Betts: I am pleased that the hon. Gentleman has not refused me, but I want to be certain about where his party is coming from on this issue. Does he oppose the order because of a technical disagreement about the capping criteria, which he believes are wrong, or is the Conservative party now against any form of capping whatsoever?

Mr. Pickles: When I sat on the Government Benches, I made a robust defence of capping, as *Hansard* will show. I do not want to compare myself to the great English martyr Cranmer and pretend that making that speech was equivalent to putting my hand into the flame, but it is probable that a Conservative Government would retain capping as a reserve power. However, I am certain that we would not waste anyone's time targeting low-taxation and high-efficiency councils that are little more than minnows. I can give a clear commitment on that.

I shall offer a few examples. After the cost of re-billing is taken into account, the saving accruing from capping Aylesbury Vale amounts to 1p a week for each member of the local population. I had the opportunity to listen to the Minister of Communities and Local Government address the LGA conference at Harrogate, when he said that he wanted a partnership with local government. He claimed to have no desire to micro-manage local government, but this order represents micro-management of local government right down to a single penny. It is a very bad start for the right hon. Gentleman and an even worse one for the Minister.

Daventry charges the second lowest council tax in Northamptonshire. Its band D charge amounts to £125.65, which is some £20 lower than Labour-run Corby. Daventry is being capped and Corby is not. Daventry district council has lost out significantly on housing revenue subsidies, which the Government abolished. The process of building up its balances has caused the increase, 10 per cent. of which simply results

[Mr. Pickles]

from the change in housing revenue subsidies. If the figure for Aylesbury Vale is 1p a week per resident, what is it for Daventry? It is 2.5p, when rounded up.

Hambleton district council set a band D council tax of £68, which compares with £131.76 in Selby, next door; £139.86 in Richmondshire; £152.43 in Ryedale; £172.59 in Scarborough; and £177.72 in Harrogate. Even with this year's increase, the council tax set in Hambleton remains the lowest in the area and one of the lowest in the country. When the cost of re-billing is taken into account, the saving is thruppence a week. I know that the people of Yorkshire recognise value, but I suspect that thruppence a week tries their patience a little.

Huntingdonshire district council is rated as an excellent council under the CPA regime. Its council tax remains one the lowest in the country and, even after this year's increase, moves from being the second lowest in Cambridgeshire to the lowest. After the cost of re-billing is taken into account, the saving is tuppence a week. In Mid-Bedfordshire, after taking account of the same cost, the saving is reduced to thruppence a week.

As has been said, compared to other authorities in the area, North Dorset district council charges one of the lowest council taxes. East Dorset has set a band D council tax of £154.34. The figure for West Dorset is £110.70. Labour-controlled Weymouth and Portland has set a tax of a staggering £222.11. After the cost of re-billing is taken into account, the amount saved is 8p a week per resident.

Runnymede borough council set the lowest council tax in Surrey and is one of the lowest council tax charging authorities in the country. Let us compare those figures with Liberal Democrat-controlled Waverley borough council's band D council tax of £138.78. Lib-Lab run Woking has set a tax of £174.11; and the figure in independent-run Epsom and Ewell is £133.34. When Runnymede's "excellent" CPA rating is added to that, it is clear that Runnymede borough council is a low-taxing, high-delivery local authority. The cost of re-billing is 5p a week per resident.

The figures for South Cambridgeshire district council seem high, but they must be set against the fact that South Cambridgeshire has for years consistently charged a lot less than its neighbours. In 2004–05, South Cambridgeshire charged a band D council tax of £70. Other authorities in Cambridgeshire charged as follows: Cambridge city, £131.65; East Cambridgeshire district council, £149.00; and Fenland, £195.51. Even with the doubling of the council tax, South Cambridgeshire district council moved from being the lowest charging council tax authority in Cambridgeshire to the second lowest. After the cost of re-billing is taken into account, we are talking about a saving of 36p a week per resident.

After the whole process, most councillors in this country are Conservatives. We are the largest party in local government, and we produce the lowest figures. If people vote Labour, they are likely to pay £74 a year more tax at band D. If they vote Liberal Democrat, they are likely to pay £83 a year more.

The final bill on the doorstep for each of those capped authorities will be significantly lower than the price paid by council tax payers in the Prime Minister's constituency and considerably lower than in the Minister's constituency. The increase in those taxes is virtually indistinguishable from the figures for Sedgefield district council, South Tyneside council and Oldham council. There is something deeply wrong with the assessment. I suspect that, if we count up all the savings and the costs of the Minister's time, this debate and the order, the Minister, by his foolishness, has almost certainly cost the taxpayer of this country a far greater amount than he has saved. He should look discomfited. This is a disgrace. This dreadful decision sends out the worst kind of message to local government. It tells local government, "Do as you're told, or we'll have you."

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. I remind the House that Mr. Speaker has placed a 10-minute limit on Back-Bench speeches, which applies from now on.

2.25 pm

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I want to make it clear from the beginning that, unfortunately, I will not be able to support the Government on this issue today, just as I was unable to do so last year. I am against capping in principle—I always have been, and I suspect that I probably always will be, despite the arguments that my hon. Friends use today and that will probably be used at the end of the debate. Equally, I will not go into the Lobby with the Conservative party because its argument is about the technicalities of how capping has been used and which councils have been caught. That is not a fundamental opposition to capping. Indeed, many Conservative Members were responsible for much more draconian capping regimes when they were in government, which particularly hit authorities such as mine in Sheffield.

David Howarth (Cambridge) (LD): If the hon. Gentleman will not join the Conservative party in the Lobby, will he join us? We are opposed, as he is, to capping in principle.

Mr. Betts: I appreciate the fact that the Liberal Democrats oppose capping in principle, but the main Opposition party clearly has a different reason for opposing the order on this occasion. I am stating my principles, and I shall abstain in any Division on the order as a result.

Fundamentally, I do not accept that there is any difference between Labour capping and Tory capping. I heard what my hon. Friend the Minister said earlier, but the universal criteria that have been laid down and applied to all councils are pretty crude. The criteria conflict with the commitments that we made before we came into government, and I will remind the House of them. It is probably appropriate that I quote the Secretary of State for Work and Pensions, my right hon. Friend and colleague the Member for Sheffield, Brightside (Mr. Blunkett), whom *Hansard* records as saying:

> "My answer to that is as simple as my answer to all questions about poll tax capping. It is our job to make democracy work better, not to abolish it."—[*Official Report*, 12 July 1990; Vol. 176, c. 499.]

I agree with my right hon. Friend on that point.

In 1997, when we came into government, we signed the European charter of local self-government, which gives councils rights to raise revenue locally. I accept that there are caveats: councils must work within statute and within the national economic policy in determining their spending. Again, I quote the Secretary of State for Foreign and Commonwealth Affairs, my right hon. Friend the Member for Blackburn (Mr. Straw), who told the House:

"The Labour party is wholly and unequivocally opposed to the capping of a council's budget. It is an abuse of central power, it demeans democracy, it undermines the right of local people to decide what services they are ready and will to pay for, it is in breach of one promise after another from the Conservative party, it serves no economic purpose, and it has not worked in its own terms."—[*Official Report*, 9 June 1993; Vol. 226, c. 385.]

That is a fairly powerful argument against capping, and I support that view.

It is rather sad when parties in opposition become much stronger champions of local democracy than when in government. That applies in spades to the Conservative party, which is now revising what it is prepared to do in the name of local democracy in a way that is completely contrary to everything that it did when in government.

Mr. Brian Binley (Northampton, South) (Con): Does the hon. Gentleman not think the same thing about the Labour party now that it is in office?

Mr. Betts: What I have to say very simply—I was going to come on to this point—is that the Government have done many things that have carried through from opposition to government the promises that they made in respect of local authority resources, borrowing, prudential guidelines and the right to trade. A number of rights and powers have been given to local authorities in contradiction to the policy of the Conservative party, which constantly took away rights and powers. I just happen to believe that the capping order today is not one of the good things that the Government have done.

Mr. Pickles: The hon. Gentleman stands before us a paragon of virtue, but I recall his period of distinguished service in the Whips Office during which he forced several of his colleagues to take some pretty anti-local government decisions. Does he regret that? Does he wish to recant now? He has a sympathetic audience; we will be kind to him.

Mr. Betts: I do not think that I ever forced anyone to do anything when I was a Whip. I might have used my powers of persuasion on occasion, but I am always open to persuasion myself.

I shall not engage in argument over whether the budgets and council tax set by any of the councils in question are right, because I do not know whether they are right or excessive, or whether the councils are efficient or inefficient, and I do not believe that it is my job or that of any Member of Parliament to second-guess decisions that are the responsibility and the role of locally elected councils, which should be accountable to their electorate. That is how such decisions should be made. I honestly believe that when they troop into the Lobby, most Members of this House will not have a clue what they are doing—what impact the order will have on local services in the areas affected by it. That is why it is important to leave those decisions to local councillors and the electorate to whom they are responsible.

In the 1980s, many Labour Members, I among them, stood in solidarity against the capping regimes of the then Conservative Government. We stood with local councillors, local councils, council workers and local voters. We were not arguing about the correctness or otherwise of the spending level that any of the councils had determined; we were supporting the basic principle of local democracy and local determination of levels of spending and tax. We did not call it subsidiarity back then, but that, in effect, was what we were championing.

The Government are rightly worried about voter turnout at both general and local elections, but capping is not only about central control of local councils; it is about removing the democratic rights of local residents, removing voter choice and devaluing local elections. In my view, capping is a fundamental challenge to the very basis of local democracy. To quote again:

"The capping system is patently undemocratic. It serves no wider economic purpose in the control of public expenditure."—[*Official Report*, 9 June 1993; Vol. 226, c. 387.]

That was my right hon. Friend the Member for Blackburn. His statement is just as true now as it was in 1993.

2.32 pm

Sarah Teather (Brent, East) (LD): It is a great pleasure to follow the hon. Member for Sheffield, Attercliffe (Mr. Betts), who so eloquently stated the case against capping and the principles behind this debate.

For me, the order is without doubt the most extraordinary, absurd and vindictive measure that I have seen since entering Parliament. Labour's historic third term has produced legislation—with all the civil service manpower that such legislation entails, with all the ministerial time and the meetings with councils—for what? It is to save taxpayers in eight authorities as little as 4p a week—£2 a year—enough to buy perhaps two packets of Polos. In the House of Commons Strangers Bar, it might just buy a pint of Guinness. I cannot help wondering whether the Minister should just save us all time and trouble by popping down to Aylesbury Vale and buying all the good voters a pint; then we could all go home. That would be a lot cheaper than going through the rigmarole of laying an order, voting on it and asking councils to re-bill. We seem to be engaged in the most ridiculous process that I have ever seen, and I hope that I do not see anything more ridiculous in my time as an MP. [HON. MEMBERS: "You'll be lucky."] Hon. Members should not get too excited.

As the hon. Member for Sheffield, Attercliffe said, capping is an affront to local democracy. It undermines local people's right to decide what services they want and what they are willing to pay for, and it completely undermines local government's authority to plan, prioritise and make decisions. As he so eloquently pointed out, not so long ago Labour Members who are now Ministers were making precisely the same point.

[Sarah Teather]

Surely the final arbiter of choice must always be the ballot box: it is for local electors to decide what they are willing to pay for and when it is time to get rid of a council that has set excessive council tax increases.

It is no good the Conservatives bleating on about whales and minnows, because it was they who 20 years ago invented rate capping; consequently, they have only themselves to blame. It seems that their policy is to oppose capping when it involves Conservative councils, but they need to oppose capping in principle if they want to be taken seriously.

Alistair Burt: Will the hon. Lady give way?

Sarah Teather: I shall do so willingly in the hope that the hon. Gentleman will join me in opposing capping in principle.

Alistair Burt: I shall ask the hon. Lady the question I wanted to ask rather than follow her lead. I am listening to her speech with great interest; as the rest of us intend to do, she is making a perfectly sensible case against rate capping. Before criticising the Conservatives, will she be good enough to send a copy of her wonderful speech to Councillor Neil Cliff, leader of the Liberal Democrats on Mid Bedfordshire district council, who has found a way to support the Government's decision to rate cap the council?

Sarah Teather: I am sure that the hon. Gentleman will send a copy of my speech. I cannot comment on the details of his local council. I am not divinely all-knowing—at least not yet.

Even if we accepted the principle of capping, as some people do although my party does not, the execution of the exercise defies logic. As the hon. Member for Brentwood and Ongar (Mr. Pickles) pointed out, the proposed council tax increases are tiny in cash terms. The councils concerned are among the lowest-taxing councils in the country: Hambleton has the third lowest council tax of any district and all the councils are in the lower quartile of council taxes, with the exception of South Cambridgeshire district council, which is still in the bottom half of the council tax table. It is mathematically ludicrous and meaningless to cap on the basis of percentage increases in such small tax bases. The Minister claims that the low taxes have been taken into account, but that is patent nonsense. As the Conservative Front-Bench spokesman pointed out, Oldham will have a very large council tax increase—£53.75 on the band D rate has been proposed—compared with the increases of about £12 that have been set by the councils affected by the order. Capping them seems utterly ridiculous. Far be it from me to accuse the Minister of macho posturing when he is not much taller than me—*[Laughter.]* I simply cannot see the purpose of going though such a fuss and performance in the newspapers to secure such tiny savings for taxpayers.

Mr. Woolas: I shall not respond to the hon. Lady's sizeist comment, although my right hon. Friend the Member for Makerfield (Mr. McCartney) would have something to say if he were here.

Does the hon. Lady accept my point that the capping regime affects all councils and that the 98 per cent. of councils that did not impose excessive increases must also be taken into account?

Sarah Teather: I do not understand the Minister's point. The capping process is wholly arbitrary. I am entirely opposed to capping on principle and I see no reason to except the councils affected by the order.

Notwithstanding the taxpayers' money wasted debating the order in Parliament, the cost to the councils concerned will be enormous. Hambleton, which is proposing a £12 a year band D increase, estimates that re-billing will cost £50,000. The cost in Daventry will be twice that—about £100,000. In a final Kafka-esque twist, the councils must find savings to cover the cost of rebilling at the same time as they have to find the savings imposed by capping. That makes the whole situation even worse. The order is not about prudential financial planning; it is absurd centralisation gone completely mad.

It is worth considering the background to the increases. Many of the district councils in question had among the smallest percentage increases in grant five years in succession—indeed, Runnymede had the second-lowest increase in the country over that period. This mad order goes against all the warm and fluffy noises that the Government have been making about new localism and valuing local government. Where are the supposed freedoms and flexibilities for the three councils that have been judged excellent by the stringent standards of the Government's own comprehensive performance assessment?

This is not about whether or not a council is judged excellent or whether or not its grant rise is higher than another council's. It is about the principle of local democracy, as the hon. Member for Sheffield, Attercliffe pointed out. It is about local people being able to decide what should be spent on their services and being able to kick out a council if they are not happy with it, or vote it back in if they are happy with its priorities. If the Government seriously wish to tackle council tax rises, they must deal with the balance of funding crisis, and give more power to councils to raise more money themselves. They could start by relocalising business rates. If they seriously wish to end public angst about council tax rises they could scrap the tax, not cap the tax. They could introduce a tax based on people's ability to pay so that yearly rises would not fall so heavily on the elderly and the low-paid.

This is another piece of centralising nonsense from an uninterested Government who are antagonistic towards local democracy. I urge all hon. Members of sound mind to vote against the motion.

2.40 pm

Mr. William Hague (Richmond, Yorks) (Con): As so often, it was my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) who hit the nail on head. He said that he could not accept that the Minister really believed in the case he was putting to the House. It is a tribute to the Minister that he put the best possible gloss on the argument for the order, but it is deeply worrying that, even after he had done so, it is still one of the weakest cases for a Government order that I have heard in the House for many years.

An innocent observer who came to the Chamber today might think that our debate was about excessive council taxes. They might expect us to focus on councils that charge a huge amount in taxation or whose council tax is higher than the average, leading to objections from local people and the need for Government intervention. They would be astonished to discover that the order is not about that at all, and deals with some of the most responsible councils in the country that set some of the lowest council taxes. They would be even more astonished to discover that councils such as Hambleton district council, which my hon. Friend the Member for Vale of York (Miss McIntosh) and I have the privilege of representing, are affected. The council has the highest possible rating for financial management, according to the Government's audit assessment; it sets a council tax less than half the predicted figure under the Government's own formula spending share; for the past three years, its council tax increases have been less than a third of the national average; its 10-year financial strategy is financially robust and is supported locally; and this year it is proposing an increase at band D of £12.

Most people would give their eye teeth to live under such a council. The vast majority of people in this country would love to do so, so it is extraordinary that councils that fulfil all those criteria are among those whose budgetary freedom is to be taken away under the order. Hambleton district council has the third lowest council tax of any shire district, as my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles) and the hon. Member for Brent, East (Sarah Teather) have pointed out. It proposes an £80 council tax at band D, compared with the £182 suggested by the FSS. The Minister knows the background that made that figure possible. The council transferred its housing stock in 1993, and achieved strong balances as a result. In the past 12 years, it has returned nearly £19 million to local taxpayers. For a time, it set its council tax at or near zero, but as its reserves fall it has planned a series of rises that are small in cash terms but which allow modest improvements in services while keeping within a low and disciplined budget.

That is a sensible approach to local government. The problem is blindingly obvious—the Government think only in percentage terms, never in cash terms. If a council starts at or near zero, the slightest increase is obviously a huge percentage. According to the Minister's own criteria, if a council set a council tax of £10 and raised it to £11 that would be regarded as an excessive increase. In his opening speech he asked whether we would be prepared to defend the council tax increases in our constituencies. My answer is yes. I am extremely happy to do so, because my council's policies, including its council tax levels, are very popular. Will the Minister therefore answer a question from me in his winding-up speech? Does he acknowledge that a £10 council tax raised to £11 would be deemed excessive and capped under his criteria? It defies all common sense to judge only by percentages at such levels. No Minister would believe that excessive taxation is being levied in Hambleton district council or most of the other councils that we are debating today. No Minister believes that it is a badly run council. Even more importantly, no local taxpayer or voter thinks that the increase is excessive. The council has received a total of five complaints about the level of council tax—I have received one—so the capping is bizarre and unjustified.

The capping powers that the House provided for the Government were not designed to be applied to the third-lowest taxing authority in the country. The Minister is sending a bad message to local government: if it is responsible, it will ultimately be penalised; if it has a 10-year strategy it will be forced to abandon it; and if it carries local voters with it that can nevertheless be disregarded by the Government. The bizarre and counterproductive nature of the proposals are demonstrated by what will happen in practice if Hambleton district council, for example, is capped under the order. First, it must deliver a refund to council tax payers. At band D, that will be £5.63. My hon. Friend the Member for Brentwood and Ongar has pointed out that each household will therefore only receive a few pennies a week. More than £50,000 will be spent on re-billing. At band A the refund will be only a couple of pounds for each household for the whole year, but the re-billing will cost nearly £1.50. That is the weighty and supposedly wise decision that the Deputy Prime Minister has made. It is the ultimate example of micro-management.

Secondly, the council will be less able to fund any improvements in local services for which local people have asked, particularly because since the capping decision it has incurred additional costs of £100,000 to clear up after the severe floods in North Yorkshire. My hon. Friend the Member for Vale of York has often spoken to Ministers about the floods, because they affected her constituency even more seriously than mine. The Government have not made any allowance for that in their decisions.

Thirdly, and most alarmingly, if the same criteria were applied in future, either the council would have to use up its balances extremely quickly and cut spending by 28 per cent. in the next few years, leaving it with a budget below the statutory minimum or, having exhausted its balances on an accelerated timetable imposed by the Government, it would have to introduce a council tax increase of 91 per cent. in three years' time. I therefore have another question for the Minister. As the Government think that they know better than Hambleton district council and all the people who live in the area, and as they must have thought about the consequences of their capping policy if it continued for several years in a row, do they wish it to plan for a huge council tax rise in a few years' time or for a major reduction in services? It is no good the Minister saying that that is up to the council, because by their actions today the Government are implying that that is not the case. They must therefore take responsibility, whether there is a large council tax rise or a budget below even the statutory minimum in a few years' time.

It is hard to escape the conclusion, having examined all the arguments, that there was a political motivation before the general election behind the decisions on council tax. I hoped that with the appointment of a new Minister things would change after the election. I did not expect the Minister to say that the proposal was unfair and destructive, although we would have wanted him to do so, but I hoped that he would let it fall quietly to one side. There will be no thanks from local voters to

[Mr. William Hague]

the Government for making this decision, only anger that money is to be wasted on bureaucracy and local wishes overridden.

Last week at the Local Government Association conference, the Minister of Communities and Local Government said:

"We need to develop a deal for devolution . . .Your starting point should be that power is exercised at the lowest sensible level."

This week, only five days after he delivered that speech, we have seen how utterly worthless those words have already become. Whatever the motives of the Government, exercising power at the lowest sensible level is certainly not one of them, and it is sad that neither is local democracy or the good financial management of local government, both of which are being damaged today.

2.50 pm

Miss Anne McIntosh (Vale of York) (Con): It gives me great pleasure to follow my right hon. Friend the Member for Richmond, Yorks (Mr. Hague). The most pertinent point that he mentioned is the £50,000 cost of reissuing council tax bills. The alternative is to reduce services.

I repeat my declaration that my husband and I have chosen to live in Hambleton district because of the excellent services that the council provides and the modest council tax it charges for them. It is interesting to note that in the order the Government have not issued a regulatory impact assessment. That has not been prepared because the Secretary of State cannot make assumptions about which services and activities may be affected when authorities calculate lower budget requirements.

I follow my right hon. Friend's question to the Minister with a modest question of my own. The Secretary of State may not be prepared to say which services should be cut, but which services does the Minister think should be cut? I pay tribute to what Hambleton council has done. It is a prudent council that is known for its excellence, as my right hon. Friend said. It is also a listening council that has just conducted a consultation exercise, about which the Minister heard when my right hon. Friend and I made representations to him.

As a result of that consultation, the council has decided to commit an additional £500,000 to improve housing benefit performance; to improve development control performance; to introduce additional half-fare travel for young people, recognising that in a rural district there are distinct access problems; and to pay for patrol wardens to assist with a cleaner environment and the control of nuisance behaviour and fear of crime. That has been decided even before the council considers its obligations under the Clean Neighbourhood and Environment Act 2005. Having served for some two months on the Committee that considered the Bill, I know how onerous those duties will be. The council will also improve homeless support, recognising the increased number of homeless people. Top of the list, as my right hon. Friend said, is the council's response to the major flooding in the district, which we have experienced three times in the past five years—in Thirsk in Hambleton district within the Vale of York twice during that time, and in 2000, 2003 and 2005 in the whole of Hambleton district.

The Minister has not responded to my letter to him and my plea not to proceed with the order in the light of an application from Hambleton district council and North Yorkshire county council under the Bellwin formula. Why are the Department and the Minister not reading across to their responsibilities in that regard? The threshold is £1.5 million, which the council must first spend from its own funds. It has therefore rightly chosen to go in with North Yorkshire county council and Ryedale district council as well. The Minister must live up to his responsibilities. Against that background of three floods in five years, with an application to be submitted within a month of the floods of 19 June, it is irresponsible of the Minister to proceed with the order. My first question to him was which services he suggests Hambleton should cut. My second question is what are the implications of the capping scheme for the Bellwin formula?

My third question, which I put to the Minister in an earlier intervention, is will he please drop his obsession with percentages and reward councils such as Hambleton district council for the excellent services that they provide, for the prudence with which they seek to deliver those services, and for achieving the third lowest council tax in the country? I pay tribute to the council's performance and to the brilliance of its staff. It must be a kick in the teeth and a slap in the face for those staff, who often work in extremely difficult conditions. In the recent floods, staff from Hambleton district council were among the first, with the emergency services and North Yorkshire county council, to step into people's homes late in the evening of Sunday 19 June and put themselves in harm's way when everyone else was running away from the floods. It is insulting that the Minister does not recognise the services that council staff provide.

It is true that, technically, the order caps councils that breach a 5 per cent. threshold for council tax increases, yet the tax in Hambleton district council is among the lowest in the country. Will the Minister confirm that the rule setting the 5 per cent. threshold was published after the process for setting the council tax was in place for the current tax year? Is that fair? Is that due process? Could not that be challenged in law?

Rebilling will cost £50,000. How does the Minister envisage that that will take place? In its view, the council is being penalised for having an historically low council tax, a policy that it intends to maintain into the future. It intends to force a solution to deal with excessive taxation, as my right hon. Friend described. Any cash increase on a low council tax base is bound to be higher in percentage terms than in other authorities that have higher council tax bases than Hambleton. The Minister designated the lowest district council tax, including parishes, for 2004–05, and Hambleton district council is the third lowest in 2005–06. That position will not change after the capping order, but the effect of capping will be to destroy the prudent financial management that has delivered excellent services at low cost, resulting in a 40 per cent. cut in budget over 10 years. It will leave the council financially non-viable.

The Minister will create a situation that requires a massive council tax increase in future for the council to remain viable, rather than the sustainable increase set out in the council's financial plans. Like my right hon. Friend, I urge the Minister to consider the implications of the message going out from the House this afternoon. It is perverse to penalise a prudent council that is providing excellent services and that has the third lowest council tax in the country. It is even more perverse to cap it in a year in which it has suffered its third severe flooding in less than five years. With his decision he has burdened the council with the additional cost of £50,000 to reverse the council tax bills. His policy of capping is inconsistent with previous Government commitments that local taxes should be determined, as my right hon. Friend said, by local councils. I urge the Minister to withdraw the order or the House to reject it.

2.58 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am glad to follow my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) and my hon. Friend the Member for Vale of York (Miss McIntosh), who spoke on behalf of Hambleton district council. Their explanation of that council's circumstances illustrates the position of South Cambridegeshire. My right hon. Friend said that if the council proceeds in the way that the Government demands of it, in a few years it will have to choose between a large increase in council tax or a major reduction in services.

In recent years South Cambridgeshire district council, with large reserves, chose to subsidise its council tax and keep it low. In the current financial year it had to choose between a substantial increase in council tax or a substantial reduction in services. After 2,500 responses from people across the district, the council decided that there should be an increase from £70 on band D council tax to £140, which the Minister will say is an excessive increase because it has doubled. Of course, however, the increase was proposed from a low base and a below-average shire district council tax. It was proposed after years of subsidising the council tax out of reserves.

The only alternative, which the Government now seem set upon demanding of South Cambridgeshire district council, is a substantial reduction in services. As the Minister said, the Government proposed a £3.6 million reduction to the budget requirement. After receiving representations, they changed that to £2.6 million. However, we have the problem that the budget requirement, as the Government calculate it, is not a measure of a council's spending year to year, but a measure derived after the use of balances.

On the face of it, South Cambridgeshire's budget requirement went up from just over £9 million to nearly £14 million, but in reality the council proposed an £850,000 budget increase from £13.75 million, or a 6.2 per cent. increase. However, the order means that the Minister is effectively demanding that South Cambridgeshire's budget last year of £13.75 million should be reduced to £12 million this year. I cannot in my wildest imagination understand how a capping regime that is designed to reduce excessive spending can demand that a council reduces its expenditure year on year by 13 per cent.—from £13.75 million to £12 million. That is an utterly perverse effect.

The Minister knows that he has the discretion to change these things because he has already changed the proposal once. All my colleagues who are demanding that their councils should be permitted to make larger increases than 5.5 per cent. from their low council tax bases should take heart from the fact that the Minister has accepted that council tax in South Cambridgeshire should go up by a third, because that was the effect of the way in which the order was amended after the initial determination. I cannot take much comfort from that because although many arguments are made about the trivial nature of the Government's proposals for other authorities' budgets, the situation in South Cambridgeshire is not trivial. The order will lead to the existing service base being greatly reduced, so we are not talking about the ability to increase and improve services there, although we wish to do so.

The Minister knows what those reductions will be. As my hon. Friend the Member for Vale of York said, the Government might not admit to making assumptions about the consequences of the order, but they know those consequences. Although I shall not go through the whole list, they know that arts development grants will disappear in South Cambridgeshire, as will sports development grants. Community development expenditure will have to be curtailed. Such development is occurring in places such as Cambourne, which is a new settlement in my constituency, to try to accommodate the tens of thousands of new homes that South Cambridgeshire must have because the Office of the Deputy Prime Minister has demanded it of us. Emergency planning will stop. Travellers' caravan sites could not be refurbished and improved, or provided. Building control regulations will have to be curbed, as will community safety and crime and disorder partnership activities. A whole string of activities, including statutory functions, will be affected.

It is thus simply not true, as the Government claimed in the statement on 7 July, that the order is compatible with authorities being able to continue to maintain service levels and to deliver their statutory functions. If that were the case, it could be true in South Cambridgeshire only if there was a further substantial reduction in balances this year, meaning that there would be no room whatsoever for further council tax amelioration through transfers from balances next year. As my right hon. Friend the Member for Richmond, Yorks said, the Minister is proposing to throw the medium-term financial strategy of South Cambridgeshire district council out of the window, which is in complete contravention of the interests of my constituents and the residents of the council.

It is absurd for the Minister to say that the Government are increasing support to local government across the board. We are debating the circumstances of individual authorities such as mine, which is a relatively low-spending authority—it is in the lowest quartile of expenditure. My authority sets a below-average council tax and that set by some other authorities is very low. However, the total external support for South Cambridgeshire has gone down by a third in the past decade. The revenue support grant for South Cambridgeshire is only £18 a head—£12 a head less than even the grant for Huntingdonshire, which is a low-spending authority that receives little external support.

[Mr. Andrew Lansley]

The Minister regards the proposed increase to South Cambridgeshire's budget as excessive, but it represents only an £850,000 increase in expenditure. The largest component of the increase is more than £500,000 to deal with the consequences of enforcement and legal action relating to Travellers in South Cambridgeshire. I will not dwell on this matter because we have debated it separately. My hon. Friend the Member for South-East Cambridgeshire (Mr. Paice) and I have told the Minister's colleagues how necessary it is that South Cambridgeshire and other authorities have powers to ensure that planning laws relating to Travellers are upheld and that they receive the support of Government enforcement. However, that is simply not happening, which has the consequence of creating enormous additional cost. That was why two thirds of the proposed budget increase was precisely to meet enforcement costs relating to Travellers.

Despite failing to support South Cambridgeshire in that respect, however, and having demanded that tens of thousands of additional homes are built in South Cambridgeshire, having failed to use the revenue support grant to provide any additional significant support to the authority, and having demanded that it cuts its budget, the Minister comes to the House with the argument that he is protecting the council tax payers of South Cambridgeshire. However, that argument has no support from me or the residents of South Cambridgeshire. He is not protecting council tax payers, but proposing a complete absurdity. He knows that the proposal is completely arbitrary. The hon. Member for Sheffield, Attercliffe (Mr. Betts) was absolutely right to argue that we have ended up with crude, universal and arbitrary capping. Whatever the reserve powers on capping were intended to address, it was not these circumstances.

The Minister would be wise to bear it in mind that he had to amend his initial proposal because it was clearly arbitrary and unreasonable, which was how I described it to him in my correspondence. However, he continues to propose something that is arbitrary and unreasonable. At the very least he should just say that South Cambridgeshire should not be required to reduce its budget below last year's figure of £13.75 million. That budget was not excessive then. It is not unreasonable to request that the council does not increase its budget year on year, but the Minister's demand that the budget should go down by 13 per cent. is arbitrary, unreasonable and unacceptable.

3.8 pm

Mr. Robert Walter (North Dorset) (Con): I shall put what I want to say in a little context. If my local authority, North Dorset district council, had been permitted to make its proposed council tax increase, it would have moved from being the local authority with the seventh lowest council tax in Britain to that with the 12th lowest.

Before the hon. Member for Brent, East (Sarah Teather) leaves the Chamber, let me say that I am grateful to her for the fact that her robust and measured speech contrasted with the response of her predecessor, the hon. Member for Kingston and Surbiton (Mr. Davey), to the original announcement on 23 March, which the hon. Gentleman used as an opportunity to take pot shots at Conservative local authorities' spending. He singled out my local authority, North Dorset—I think that he was briefed by the future Mrs. Davey, who unsuccessfully tried to unseat me for the second time on 5 May. I am delighted that the leader of the Liberal Democrat group on North Dorset district council, who also sits on Dorset county council, has tabled a motion, which Dorset county council will debate tomorrow, in his name and those of his Liberal Democrat colleagues:

"This Council condemns the capping of eight low-spending rural District Councils, all of which have existing levels of Council Tax at below the national average . . . In particular this Council condemns the capping of North Dorset District Council"—

which is, of course, Conservative controlled—

"whose tax level is currently £98 p.a (Band D), the twelfth lowest in the country, and notes that the budget set by the Council currently provides the minimum revenue funding required to achieve the Government's own statutory targets, particularly in the areas of Waste Management and E-Government, and notes that the Government itself provides no revenue to meet these targets."

On 23 March, the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) invited hon. Members and local authorities to make representations to him, and all local authorities did so. If that was micro-management by the Office of the Deputy Prime Minister, and if the ODPM thinks it knows how local authorities should manage their budgets, then the encounter was disappointing—I note that the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), who met us on that day, is now a Front Bencher.

At that meeting, we did not discuss what the Government feel North Dorset district council should do, which was unusual. When I asked the Leader of the House about that approach at business questions, he also found it most unusual:

"I am confident that detailed information will have been made available to the local authorities on the list, and there will be a number of opportunities for the hon. Gentleman to raise his concerns about overspending by particular local authorities . . . I am sure that when the hon. Gentleman has meetings with Ministers on this question, they are willing to engage in discussions with him, but he should bear in mind the fact that there is a difference between having a discussion whose conclusions he agrees with and simply having a discussion. I am confident that he will have had a discussion with Ministers, although he may not have liked what they said to him."—[*Official Report*, 7 July 2005; Vol. 436, c. 458.]

I did not like what Ministers said, because they did not say anything. We made our presentation, for which we were politely thanked, but no discussion took place.

If the Government really believe that they know how North Dorset district council should raise and spend money, they should explain where it is going wrong. We must ask why a small local authority such as North Dorset has attracted special consideration. As I have said, band D council tax is £98, and although the percentage increase in council tax was large, it amounted to 36p a week. Even after the rise, the council tax was the 12th lowest in the country and the lowest in Dorset. As I have said, in neighbouring Weymouth and Portland, which is Labour controlled, band D council tax is £232.

For about 10 years, council tax has been kept low by the use of interest earned from capital, which was raised mainly from the sale of council houses. The Government want councils to use that capital to benefit their areas. As the capital programme is implemented, investment interest will fall because the investments themselves will fall. Furthermore, we live in a low interest rate environment. In essence, council tax has been subsidised for about 10 years, but it will be impossible to subsidise it in four or five years' time. North Dorset district council has publicised that point at roadshows, in newspapers and during consultations, and council tax payers have indicated that they would support rises in tax in order to maintain or improve council services. The council intends to raise tax levels smoothly over five years to reach a budget that no longer relies on interest from reserve capital.

North Dorset is not an overspending council—it spends less than its formula spending share. It is not profligate—its spending is average among its Audit Commission family of councils. It has given proper protection to taxpayers, who have benefited from a lower council tax because the council has been supported by interest earned from reserves for the past 10 years. It plans to increase tax gradually over five years to offset the reductions in its reserves, and it is also making substantial efficiency savings, which is reasonable and responsible. It is investing its capital in affordable housing, which is one of the greatest needs in the area. Its proposed tax rate would still be the 12th lowest in the country. At the end of its five-year plan, taxpayers would benefit from a rate close to the national average.

The Government's action will return about 12p a week to the taxpayer. The cost of rebilling is equivalent to nearly £6 on the council tax bill, which is not value for money, and the Government would give a fail judgment to any council that proposed such action. North Dorset is a low-tax council. Since the Government published their guidance last year, it has been penalised for having a low council tax over the past 10 years. Councils that start from a higher tax base have increased council tax by more in real terms than North Dorset district council.

Where is the natural justice in capping North Dorset district council? The Government's accusation of overspending is meaningless. If the council keeps to a 5 per cent. rise over the next five years, it will have to reduce its size by 25 per cent., which strikes at its very viability. It has slightly more than 200 staff to deliver more than 30 major services, the same number of services as is provided by much larger councils. It must be allowed to manage its own affairs, and my constituents, who pay the council tax, support it. It is being capped for increasing tax by the cost of one cigarette a week. How much public money has been spent on taking that action?

DEFERRED DIVISION

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I now have to announce the result of a Division deferred from a previous day.

On the motion "Access to Justice", the Ayes were 224 and the Noes 184, so the motion was agreed to.

[*The Division List is published at the end of today's debates.*]

Council Tax

Question again proposed.

3.18 pm

Alistair Burt (North-East Bedfordshire) (Con): It has been a pleasure to participate in this stupendous debate. The Minister for Local Government made his case, not like Captain Ahab, but like Horatio holding the bridge with a bent rapier. The hon. Member for Sheffield, Attercliffe (Mr. Betts) made a consistent case on rate capping, and, although I do not necessarily agree with him, it would help him and us if he were to join us in the Lobby tonight. The hon. Member for Brent, East (Sarah Teather) made such a good speech that my wife paged me to say how impressed she was, although my wife agrees with me that she should send a copy of it to Councillor Neil Cliff, the Liberal Democrat leader on Mid Bedfordshire district council.

Since then, a succession of living legends have systematically taken apart the Minister's case. There is no case.

This has been a heady few weeks for the Government. First, confronting the dangers of global injustice, the Prime Minister took on the G8. Then, to put the European Union, which was going dangerously off-track, back on the rails, he took on the EU at the summit. Then, to prevent the danger of the Olympic games going to Paris, he took on the collective might of the International Olympic Committee, stepping in at the last moment. Yes, in the past few weeks, the Government have confronted the real dangers in modern life.

Now we come to the apex: to confront the dangers posed to democracy and economic stability by Mid-Beds district council, the Government are proposing the order before us. I feel that, in the manner of a Soviet show trial, I shall have to stand here and admit the crimes of Mid-Beds district council, for which it has been punished by the Minister and the Government. I do so, of course, in shame and degradation.

Led by Councillor Mrs. Tricia Turner, 53 local councillors attend to their work, working locally and diligently for local people. That is their first crime. Last year, the council had the audacity to offer the 10th lowest tax charged by any district council in England. Even after this year's increase, its local council tax would be the 16th lowest. It has also—this is a real horror to confess to the House—returned general fund balances to the council tax payer over the past two years. It has, I am ashamed to admit, identified £2.4 million in savings over the last three years, and a further £800,000 for next year, while making local decisions about the services required to respond to the needs of local citizens. I have to tell the Minister that there is a fifth column operating in his regional office, because the regional office of the Office of the Deputy Prime Minister also thinks that Mid-Beds is a good council.

Now we come to the crime passionel. In setting a budget for this year, Mid-Beds recognised that returning reserves to its citizens and trying to provide services worth £120 for £102 last year necessitated a rise this year, so as to head towards a balanced budget. The crime that I have to report to the House is that Mid-Beds had to propose a £1 per month increase in local tax.

[Alistair Burt]

I understand how this must appear to officials and to the Treasury. Memos must have been winging their way across Whitehall stamped with the Churchillian mark, "Action this day", to prevent such a crime from being committed. Of course, I dissemble to a degree, because I have given only the actual figure. If I give the percentage, it is, of course, as the Minister said, about 13 per cent.—but in real life, that means about £1 a month.

What is it that really requires the Government to intervene? Is it Mid-Beds' desire to run local services locally and efficiently, and to take the inflation-busting decision to charge an extra £1 a week? And what is the impact? At first glance, the Government will require the council to reduce its budget by £341,000 to about £11,193,000, which would reduce band D council tax from the original £102 to £94.57—a saving to the taxpayer of £7.61 per annum, or 15p a week. Worked out on an individual basis for all the residents in Mid-Beds, it means 3.7p a week being saved.

However, the real effect will be greater. Councillor Max McMurdo sent me an e-mail yesterday. Max is an independent councillor representing Sandy. Indeed, he is a living legend in Sandy. If Max decided to stand for Parliament, I would have serious difficulties; he is a great man. His e-mail says:

"Having been a councillor for six years, I have voted for the 'Lean and Mean' approach that we have adopted, trickling reserves into the budget and looking for corporate savings wherever possible, to keep our Council Tax as low as possible. Last year we delivered our full range of services costing £120 at a Band D tax charge of only £102. We have now almost reduced our reserves to the prudent minimum and have been planning the future, to get back to a balanced budget, without the use of subsidy from reserves, by 2007. That is the very essence of prudent financial planning and is surely at the heart of good local government.

It does mean, of course, that as we remove the subsidy each year the percentage increase is above inflation. Indeed it is inflation plus the amount of the withdrawn subsidy and this year our proposed increase was to be 13.3%, but this would still have left us with the 16th lowest District Council tax charge in England.

To impose a cap, any cap, in percentage terms is a nonsense. Surely one must look at the actual tax charge to be levied. A percentage restriction can only be an attack on those Councils that have a low starting point, which surely points to the authority having a tight fiscal policy. If the explanation(s) for an increase above the Central Government target are sound, then, I suggest, good central government should gracefully accept them and approve the local decision.

Surely the Government's goal is to control profligate councils?! Or am I being politically naive?"

Well, Max, I think that, sadly, you probably are—because your arguments are absolutely right and fundamentally sound, and if the Government had the good grace they would listen, and do something about them.

The leader of the council and the chief executive have written a memo reminding local ratepayers that

"More and more responsibilities have been placed on Mid-Beds by the Government, with insufficient funding to support them. The Government grant to us this year did not even meet our inflation costs of over £1 million. This enforced capping will lead to very considerable cuts."

Greg Clark (Tunbridge Wells) (Con): Is my hon. Friend aware that the inspection and audit fees faced by local councils such as his have doubled since 1998? Is it not cruelly ironic that those fees imposed on councils are not subject to the capping about which he rightly complains?

Alistair Burt: My hon. Friend makes a very fair point. I have described in the House in the past the ludicrous situation whereby the Government impose all sorts of different charges on local ratepayers, as well as councils, yet no blame or control seems to be attached to them. For example, multiple sclerosis therapy centres face an increase of 300 per cent. in the charges for inspection until 2008, imposed by the Government, who tell the Healthcare Commission that such inspections have to be fully funded by the centres. So there is no capping for the 300 per cent. increase for people who collect voluntarily for multiple sclerosis sufferers, whereas when there is an increase of 3.7p a week for individual residents of Mid-Beds, the Government step in to cap. I do not think that my hon. Friend or I, or Patricia Turner or Max McMurdo, can explain that.

This is not what capping was designed to do—and here we come to the essence of the argument about capping. As you know, Mr. Deputy Speaker, I have been around for a long time—which is the basis of my leadership bid. I was there in the 1980s when capping was first introduced; I was Parliamentary Private Secretary to Ken Baker in the Department of the Environment. We faced challenges from the Greater London council led by Ken Livingstone and Liverpool city council with Derek Hatton, when there was a clear aim on the part of local government to use its power and strength to challenge the elected Government of the day. Derek Hatton firmly believed that if the Government were induced to send in commissioners, the people of Liverpool would go out on the streets and rise up. That was part of the plan.

I knew both Ken Livingstone and Liverpool city council. Councillor Mrs. Turner is no Ken Livingstone—and Mid-Beds district council is no Liverpool city council of the 1980s.

The cap is misused, out of proportion and demeaning to both central and local government. There is still time for the Minister to exercise his evident good sense, as well as good humour, and rip up his brief, turn to his officials and say, "I can't do this; I won't do this. Local democracy and justice must override what the Government are telling me to do."

3.28 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I have had three years as an Opposition spokesman on local government affairs, giving me plenty of opportunity to look at issues in their broader context alongside my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles). Today, I can indulge myself in looking at this motion simply from the point of view of Runnymede borough council, my local council.

This capping exercise defies common sense and smacks of political opportunism. Runnymede borough council is being capped in 2005-06 for imposing exactly the same percentage council tax increase as it imposed in

2004–05. Nobody looking objectively at how it runs its affairs could conclude other than that it is a well run, prudent council that sensibly responds to the Government's decisions about changes in grant distribution.

The truth is that, having set out policies for changing the distribution of local authority grants, the Government are now recoiling from the consequences of those policies in action. I shall set out some of the background to Runnymede's situation. Runnymede is historically a low-taxing authority. It is the lowest-taxing authority in Surrey and the eighth lowest in the country. At £117 this year, its band D council tax is 31 per cent. below the average for district councils.

This year's increase, which the Government found so offensive, amounted to 34p a week. Overall, including the county and police precepts, Runnymede council tax payers faced a total increase of 4.93 per cent. in their council tax bills. Like colleagues, I have had virtually no complaints—a handful—from taxpayers about the increases. The Minister has received letters from the leaders of the Labour group and the Independent group on the council urging him not to cap Runnymede. I am pleased to say that there is no Liberal Democrat group.

Runnymede council is an excellent authority, rated "excellent" in its financial management. It was credited with having

"credible strategies to meet future challenges".

Its strategy now lies in tatters.

Runnymede is also a popular council: in 2001 and in 2004, it was in the top 10 of all councils in England in the Office of the Deputy Prime Minister's residents general satisfaction survey. Part of the reason for that level of satisfaction is the non-statutory services that the council operates—day centres for the elderly, the yellow school bus transport scheme that contributes to a reduction in congestion, the community safety closed circuit television scheme, and an extensive programme of voluntary sector grants. Those are precisely the non-statutory services that will face the brunt of the cuts that the Minister is, in effect, imposing.

In 2002, the then Minister of State, the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), announced a change in the way the grant system would operate. I remember going with other Members to a seminar that he held in Portcullis House, and he was quite open about what he was doing. He was redistributing local authority grant as delivered to councils, and he fully expected that some councils would have to raise their council tax in consequence. That accelerated an existing trend for Runnymede that had seen its formula grant drop 29 per cent. in real terms between 1995–96 and 2005–06. In per capita terms, Runnymede has had only a 0.4 per cent. money increase in formula grant since 1998–99. The Minister, of course, prefers to talk about individual years or the last three years, but what Runnymede and other prudent and sensible councils are doing is responding to a long-term trend of change in the way in which grant is distributed. After adjustment for changes in the benefit system, the real terms reduction from the 1995–96 figure in Runnymede's grant this year represents £2.18 million, and that is on a budget base of £8.5 million.

The council faces considerable cost pressures, as all councils do. As a council in transition to lower grant, it does not receive any effective grant recognition for the costs imposed by new legislation, particularly the cost of responding to waste recycling and environmental initiatives.

Despite reservations about what the Government were doing to the grant system, Runnymede reacted as a prudent, well managed council would. It responded rationally, as the Government intended, and set out a clear plan to increase, over five years, its council tax levels to something closer to the average. Our—overwhelmingly Conservative—councillors were willing to knuckle down and put into practice the agenda that the Government had dictated to councils that had had grant distributed from them: it increased the council tax. The problem that Runnymede now has is that the Government lost their nerve when they saw the inevitable results of their own policy.

Runnymede's strategy was to reduce revenue budgets by around £2 million over a period, to reduce its working balances to the minimum prudent level during the transitional phase, and to increase taxes to a level that would still be well below the district council average. Those were sensible, rational, medium-term responses to the changed environment in which it found itself. The ODPM was aware of that medium-term strategy, and Runnymede council believed that it had accepted it. Runnymede was not capped last year because the Government recognised explicitly—we have already heard the words of the right hon. Member for Greenwich and Woolwich—the position in which low-taxing authorities found themselves and the absurdity of applying a percentage limit to a very low-taxing authority. Unfortunately, the Government have applied no such absolute criterion this year, so low-taxing authorities are caught by the same percentage criteria that would be applied to higher-taxing authorities.

What is the point of extolling the virtues of medium-term financial planning by local authorities if the Government are going to move radically the goalposts from year to year so that a council with a medium-term strategy finds that it meets the ODPM's approval one year but falls outside the criteria that it has set down the following year? The Government are in an absurd position. They set out a policy of shifting grant away from certain types of local authorities in certain areas, which logically requires higher taxes. Now, they will not allow councils to increase their taxes to fill the void left by the shifting of grants, but there is no sign of their being prepared to change the grant formula back to return to councils such as Runnymede any of the grant support that they have lost.

The Minister and his colleagues know that major service cuts are inevitable, yet they refuse point blank to explain how a local authority in Runnymede's position should respond to the situation in which it finds itself. This is bad government imposed for cynical pre-election political reasons. As a result, for a saving of just £7.23 a year—14p a week after rebilling costs—people in Runnymede face service cuts totalling about £800,000 over the next couple of years. That will fall on the elderly who use day centres, communities who rely on CCTV security provision, and voluntary organisations that depend on the council's grant support programme. I am pleased to say that tomorrow

[Mr. Philip Hammond]

Runnymede's Conservative councillors will each make a donation equivalent to their own personal savings as a result of the capping exercise to start a fund to make up the loss of grant for those local voluntary organisations. We hope that that will establish a local trend.

This is a bad day for local government and for central Government, but I assure the Minister that it will also turn out to be a bad day politically for the Labour party, because nobody in Runnymede supports these cuts and the Government will reap the cost of what they have sown today.

3.38 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): I concur with much of what my right hon. and hon. Friends have said this afternoon.

The Government's decision to cap the council tax of Huntingdonshire district council is nothing less than a travesty of what local government should be about. This debate has illustrated the senseless inability of this Labour Government to differentiate effective and inefficient or high-spending and low-spending councils, or even to understand the basic motivators of effective local government.

Let me make it clear at the outset that no one says that Huntingdonshire district council is anything but well run. Indeed, it is one of the few councils in the east of England that the Government rate as excellent. It represents the sort of premier league council that the Government said only recently should be awarded greater freedoms—words that now resemble some hollow joke. Rather than awarding more freedom, the Government are taking a sledgehammer to the council's carefully set plans and thereby undermining the concept of local democracy.

Huntingdonshire should be congratulated rather than capped. It has delivered the Government's agenda for recycling targets, e-government, providing better local transport and regeneration. It has excelled in all those. Even with the increase in tax, the band D rate of £106.54 is the 19th lowest of the 238 districts—in the bottom 8 per cent. in the country.

Earlier, the Minister said that the order was intended to prevent unreasonable increases. What is unreasonable? That has still not been explained to me today. It is bizarre to penalise the council simply because it has a higher percentage increase on a low historical base, when high-taxing, inefficient councils, which have increased council tax by more than Huntingdonshire district council, are ignored.

Huntingdonshire's budget is set to increase by only 3.2 per cent. next year. That is well within the Government's target. However, because it has reduced the subsidy from its reserves this year when compared with last year, the increase in "budget requirement" becomes a figure that is caught by the capping regime. Capping therefore effectively forces the council to maintain a high council tax subsidy. That is simply not sustainable in practice and not honest to my constituents. The Government are forcing my local council to indulge in Mickey Mouse accounting.

I shall explain my deeper fears for Huntingdonshire, its local government and the district's future development in one of the fastest growing populations and business environments in the country. I know that my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara), who cannot be here this afternoon, shares not only the district with me but my concerns that the Government are forcing us to build thousands more houses while not only withholding grant but capping a modest council tax increase. So much for joined-up thinking in government.

Huntingdonshire has a low council tax, which reflects the council's careful and efficient management of resources and the significant amounts that are earned by investing its reserves following the transfer of its housing stock in 2000. The council is slowly spending those reserves on service improvements and they will reduce to a minimum in approximately 2011. As the council spends its reserves, its interest income reduces. Despite efficiency savings, which have happened, most of the balance will need to be made up by an increase in the council tax.

With that in mind, the council sensibly decided to make the increase gradual—£12 a year—starting in 2004–05 and continuing for five years. There was none of the stick-your-finger-in-the-air stuff on a yearly basis that happens with poor or deceitful councils. Huntingdonshire district council looked five years ahead and honestly told its residents what it needed to do to continue to provide a decent local service.

That was a good example of efficient budgeting by officers and effective political leadership by the majority party councillors. They consulted widely and the majority party took the plan to the electorate in the all-up elections and received a thumping majority—and therefore an endorsement for their spending policies. Last year, the council was not capped, despite a similar increase in tax.

The Minister is effectively telling me that he does not give two hoots for what my local council has done or planned, for what the local residents—my constituents—think or even for what the Government thought last year. He is sticking to a bizarre formula and ignoring reason. He shows contempt for local democracy.

What is the effect of all that on Huntingdonshire? It means an average decrease of £6.82 a year—about 13p a week—for band D ratepayers. The cost of rebilling them is £60,000 of wasted taxpayers' money. I ask the Minister whether at least the rebilling can be postponed until next year to save that huge waste of money on administration costs. However, my main concern is that, unless the Government accept the poverty of their own argument, this problem will simply arise again in the future.

In Huntingdonshire, this measure will ultimately result in service cuts of up to £5.6 million a year by 2011–12, which represents 22 per cent. of the council's planned net spending and a similar proportion of its staffing budget. And all this is happening at a time when the Office of the Deputy Prime Minister is still withholding £750,000 a year of grant, which, by its own calculations, the council is due. It seems ridiculous to cap its council tax on top of that.

I have expressed my concerns today, and I sincerely believe that the Government have got this very badly wrong. Capping is a blunt and wholly inappropriate measure for Huntingdonshire. I hope that the Minister

will withdraw the order, but of course it is likely to be passed. In which case, I ask the Government to review their position, to ensure that this unfair and irrational situation is not repeated next year.

3.45 pm

David Howarth (Cambridge) (LD): After this debate, the Government should go away and ask themselves what the purpose of capping is. We heard very little from the Minister about the point of this exercise. The hon. Member for North-East Bedfordshire (Alistair Burt) said that the original point of capping was to ensure that local government could not challenge national economic policy. However, we are dealing here with £4 million out of a total local government expenditure of £80 billion, and national Government spending of five or six times that. The amounts that we are talking about are trivial.

The hon. Gentleman was quite amusing about how trivial and pathetic this situation was, but it is more serious than that. Here we are in a place that used to legislate for half the world. Now it is reduced to telling Aylesbury Vale council what it can do with 4p per resident per week. How the mighty have fallen! The only reason that the Minister gave for capping these councils was that it was to protect council tax payers, but again we are talking about tiny amounts. Even in South Cambridgeshire—where the sum involved amounts to almost half the figure that we are talking about today—the cap will benefit local council tax payers by less than £1 a week. How an expensive re-billing exercise will protect local council tax payers is entirely beyond me.

As many hon. Members have said, this is really about simple contempt for local democracy. If council tax payers in the areas concerned believe that these increases are beyond the pale—or "excessive", in the words of the Minister—they will take the obvious route and vote out the councillors who brought in those levels of council tax. Given the amounts that we are talking about, it seems unlikely that that would happen, but that is their prerogative. The Minister said that members of the public had made their views known. I want to know how many of those members of the public there were, and how many of them voted in the most recent local government elections. One of the effects of capping seems to be to disempower local government, to give local voters less reason to vote, and to allow national Government to take over even the most trivial local decisions.

I expected the Minister to say that one of the points of capping was to advance national policy in some way. However, we look in vain to discover which aspects of national policy would be advanced by this exercise. As hon. Members have said, three of the councils involved have been rated "excellent" in their comprehensive performance assessment rating. So how does capping those councils further the Government's policy to improve the local delivery of services?

The measure is even undermining important national policies. In South Cambridgeshire, for example, an important growth area, cuts will be made in planning, community policing and in other new, important Government initiatives. Why is that? One reason, which the Government do not seem to understand, is that if a council leader is faced with having to reduce his budget, the one thing he cannot do is cut existing programmes, as that involves making people redundant and adds to the cost because savings cannot come from redundancies. He must therefore remove from the budget all the new programmes, a vast number of which have come from national initiatives. The Government are therefore undermining their own policies by capping such councils.

Mr. Lansley: A further unhappy consequence is that one is forced by this logic also to restrict grants to voluntary sector bodies and partnership organisations. Sometimes, therefore, the consequentials lie outside the budget of the local authority, but the damage in the community is if anything enhanced.

David Howarth: That is absolutely right, and many councils will be forced, because of the logic of the situation and the short time frame, to reduce expenditure by cutting grants to voluntary bodies. Certainly, that is the unfortunate position in South Cambridgeshire.

The other aspect of national policy to which one might have expected a reference was the overall level of taxation. As the Minister said, however, the Government have succeeded in keeping the council tax rise across the country down to 4.1 per cent. As that goal seems to have been achieved, I cannot see the point of this exercise. He says that all local authorities have been in receipt of grant increases higher than RPI—I expected him to make that point. RPI is no measure of local government costs, however, especially for district councils, which have small budgets subject to wide variation. Most of their budgets are staff costs, and councils must compete with the private sector for professional staff. One cannot expect them to hold down salaries in a competitive situation in which if they did so they would lose their planners, lawyers and accountants.

Another aspect of the problem that Ministers do not seem to have taken into account—which brings me back to the point raised by the hon. Member for South Cambridgeshire (Mr. Lansley)—is that district councils often have to work together to provide services. South Cambridgeshire district council, for example, works with Cambridge city council in relation to many of the voluntary bodies that it funds. One of the effects of the cap on South Cambridgeshire is to hit residents of neighbouring authorities—the citizens advice bureau in Cambridge will find itself £66,000 short, employment development grants will be £47,000 short, and there will be cuts in grants to homelessness organisations, the arts and community groups. All those groups are jointly funded by South Cambridgeshire district council and Cambridge city council. The pain that the Minister seems to intend for one council will therefore fall on the residents of a large number of councils.

I must admit that for several years I had the dubious pleasure of being leader of Cambridge city council, South Cambridgeshire's neighbour. In many ways, South Cambridgeshire was an infuriating neighbour. It followed a financial strategy that I would never have followed. I thought that it could have used its reserves in a more constructive way. But that was the way it chose to use its reserves, and it should be judged at the ballot box, not by the Minister.

[David Howarth]

If national policy goals are not the reason for the Government's policy, what is? There might be one last reason: pour encourager les autres—to pick on a few small councils, and to bully them as a warning to others. The sheer arbitrariness of what is happeping is an advantage from that point of view. When the Minister was trying to explain why the criteria had changed, and why councils that are capped this year would not have been capped last year, or are having their budgets reduced from last year's levels, he referred to councils being allowed to second-guess. In other words, they would know what the rules were, and the Minister cannot allow councils to know what the rules are. That is extraordinary, and, as the hon. Member for Sheffield, Attercliffe (Mr. Betts) pointed out, it is an abuse of power. It is a refusal to treat local authorities as rational beings, rather than as objects of manipulation. There is no chance of a stable constitutional settlement between central and local government on the basis of such manipulation. It is the ultimate in centralisation.

The Office of the Deputy Prime Minister seems to be treating councils as unruly circus animals that must be induced to perform tricks. It is disgusting to watch, and should not be the basis of a mature democracy. The House should reject this contemptible order, and look to a democratic system of local government and a fair system of local government finance to restore the proper balance between local and national Government.

3.55 pm

Mr. Philip Hollobone (Kettering) (Con): About 20 per cent. of my constituents live in the Daventry district council area, and they are extremely concerned about the order. I also speak on behalf of my hon. Friend the Member for Daventry (Mr. Boswell), who unfortunately cannot be with us but who has written to the Minister expressing his concern, and has met him recently.

Within the Daventry district part of the Kettering constituency lies the battlefield of Naseby, where in 1645 the forces of Parliament overcame an over-mighty Executive. I invite the Minister to travel up to Naseby for a re-enactment of the battle. I am sure that members of the district council would be willing to take him on with me, and teach the Executive a lesson 460 years later.

The order is particularly absurd in the case of Daventry district council. The Government wish to limit the council's budget to £7.8 million, and to reduce the band D requirement from £109.62 to £102.41, which would save £200,000. That is the equivalent of 14p a week, or £7.20 a year. For 14p I could not even buy half a copy of the *Daventry Express*, the local weekly, or half a copy of the daily *Chronicle and Echo*, which local residents read.

As other speakers have said, Daventry district council would not have been caught out under past capping regimes. It spends £412,000 less than the formula spending share guidelines, and is well into the bottom half of the league table of total council tax bills. One of the effects of the order is to disrupt the long-term financial planning that the Government require of local authorities. They require authorities' medium-term financial strategies with projections of at least four years.

The *Daventry Express* quotes council leader Chris Millar, one of the most exceptional council leaders in the country:

"It's scandalous that the Government is able to undermine our ability to develop and implement robust services and long-term financial planning . . . the Government is effectively dictating future local service cuts which is an affront to local democracy."

In short, the Government want to micro-manage some of the very best local authorities in the country, which means that there will indeed be a severe impact on local services. Council leader Chris Millar also said:

"There will be a long-term negative impact on services."

That will be a direct result of the Government's action.

As was pointed out earlier, there has been no regulatory impact assessment, and the Government have admitted that they cannot make assumptions about which local services and activities may be affected. So they are prepared to cap authorities' revenue budgets, but they shrug their shoulders when it comes to the damaging effect on the services provided to local people. Although this is obviously a party political attack on Conservative-controlled local authorities, so far as Daventry district council is concerned, there has been cross-party condemnation of the Government's actions.

Two issues perhaps affect Daventry rather more than some other authorities mentioned, the first being negative housing subsidy and the associated transitional recovery scheme, which the Government have approved. I submitted a written parliamentary question to the Minister, to which he was good enough to respond, saying that the order does not affect the authority's entitlement to benefit from the transitional measures under this scheme. That is certainly not the local authority's understanding, and I should welcome the Minister's confirming whether the negative housing subsidy and the transitional recovery arrangements have indeed been fully taken into account in applying this order.

Daventry district council wanted to increase its council tax by 13.6 per cent., which is an increase in cash terms of £13.12 a year. Some £10 of that—10.4 per cent.—is in accordance with the transitional recovery arrangements that apply to the negative housing subsidy. These arrangements have been approved by the Office of the Deputy Prime Minister, and yet, because the authority has now been capped, it will no longer be able to recover the amount it was previously promised. The council says that, to judge by the full implications of this order, by 2009–10 it could well have a cumulative deficit of £1.9 million, which will place it in an extremely perilous position. Councillor Christopher Millar says:

"The time has come to say enough is enough. If the Government are serious about devolving powers and responsibilities to local communities as part of their"

supposed

"localism agenda, then they need to stop playing 'silly politics' such as happened in this instance".

by which he means this order. Our spending so much time debating these ridiculous orders and micro-managing well-run local authorities does not enhance the image of the Government or of local government.

The most absurd aspect of this order is the Government's forcing Daventry district council to re-bill local residents. The Government want to save

£198,000, but the cost of rebilling will be £100,000, so half the benefit will be lost. It might well go to the Post Office through the extra postage spent; however, there will be no benefit to local residents. When the Minister winds up, I hope that he will explain why, if local authorities such as Daventry district council are to be penalised by this order, arrangements cannot be made for the saving in grant to be carried forward to the next year to avoid the cost of rebilling, instead of imposing this additional requirement.

4.3 pm

Mr. Brian Binley (Northampton, South) (Con): As you know, Mr. Deputy Speaker, I am new to this House. I have been told that the new Minister, who is currently leaning backwards over the Front Bench, is a good guy, that he will be all right and that he can be relied on. *[Interruption.]* If he will be kind enough to listen, I should like to point out that I am really sorry that his predecessor left him in this mess. It seems that this good guy—this "all right" guy—has little appetite for this measure. However, he will be able to improve and to deal with more important matters as time goes by. Sadly, the members of Daventry district council will be left with the residue of what is for them a quite disastrous measure, which will impact on council services for many years to come. I hope that when the Minister thinks of these matters in the future, he will take that into account.

Let us see what the Minister's predecessor actually did. On 23 March this year, just 43 days before the general election, the then Minister for Local and Regional Government made a statement to the House on council tax for the year 2005–06. He outlined the actions that the Government proposed to take in response to the authorities that had set what he described as "excessive budgets". The Minister thereafter named nine district councils—seven of which were Conservative controlled, with the Conservatives as the largest party in the remaining two—and gave them 21 days to tell him why they should not be capped. He added that he would

"carefully consider the information . . . along with other representations they make".

He subsequently said:

"We shall welcome representations as well as information . . . and we shall take that into account when we make our final decision."—[*Official Report*, 23 March 2005; Vol. 432, c. 884–86.]

The then Minister for Local and Regional Government repeated that promise on three further occasions, during a speech that lasted, if we exclude the interjections, just 26 minutes. In other words, he made the promise virtually every five minutes. One might think that that was a pretty meaningful commitment, Mr. Deputy Speaker. Consequently, the question that comes to mind is whether the Government who made that promise have kept that promise.

Let us consider the evidence for just one council—Daventry district council, which is part of the county council that I happen to be proud to serve. If the promise was not kept for one council, it was simply not kept. Daventry district council responded as requested and made a case rather similar to that made by my hon. Friend the Member for Kettering (Mr. Hollobone) earlier today.

First, Daventry's council tax level remained in the lowest 30 per cent. of all districts and boroughs in England, equating to a band D council tax of almost 20 per cent. less than that of nearby Corby, which, as the Minister well knows, is a Labour-controlled council. Secondly, the annual increase for Daventry residents amounted to just £13.12, or 25p a week. How the Minister must be delighted to be in charge of an order that deals with such important matters! Thirdly, the band D council tax level was £15.28 per annum below what the Government assumed that it should be and the total budget was £854,000 below the Government's estimation of what it should have been. Fourthly, the average increase of the aggregate council bill for the residents of Daventry district council area totalled just 4.3 per cent.—well within the Government's proclaimed and stated objective of "an average increase" of less than 5 per cent.

Many would think that that is an enviable record and I hope that the Minister thinks that it is. The real clincher, however, relates to the Government's own decision to take housing grant subsidy away from the council. Indeed, £10 of the average annual increase of £13.12 was levied to compensate for the Government's decision, leaving just £3.12 per annum, or a 3.2 per cent. increase for all other council expenditures. Again, that is well in line with the Government's requirements and I suggest that most fair-minded people would think that that was a very creditable performance.

Most fair people would think that the council's specific status as a former negative housing subsidy authority should be well understood by the Government. Most would think that a council that consistently utilised the Government's negative subsidy transitional measures introduced in April 2001, which allowed for a phased and planned increase in council tax income to 2008–09 to compensate for the stepped loss in negative subsidy funding, would be fully understandable to the Government. They would think that the Government would listen to Daventry and understand its situation. They would expect the Government to act fairly in those circumstances and take Daventry off the capping list. Sadly, the Government did not do that.

Did the Government keep their promise to consider the information carefully and take all the factors into account? The evidence suggests that they did not. Based on the figures that I have given, Daventry's council tax levy would be welcomed by more than 70 per cent. of the people of this country. Its record as a financially well controlled council is among the best.

So why did the Government go ahead with their decision to cap once the full facts were made known? Daventry does not present a case for capping on any reasonable criteria. The only motive was the Government's wish to create political scapegoats—and preferably Conservative ones—before the general election, in an attempt to show that they were tough on council tax increases, and tough on the causes of council tax increases. The Government are going ahead with this order because not to do so would give away their political game, and that would not spin very easily.

The truth is well documented, not least by the all-party local government association. It has stated that council taxes have risen almost solely because of the Government's actions, and especially those actions related to the continual shortfall in local government

[Mr. Brian Binley]

funding. That is the true cause of council tax increases, but the Government could not face up to that truth before a general election and had to find others to blame. They picked on local government, and Conservative-controlled local government at that.

The Government continually say that they want to give local government greater freedoms, but they persist in capping for their own political ends. That is unacceptable. Capping, at best, is a crude Government instrument. However, used in the way the Government have used it, it becomes a weapon of the bully and a device of the political charlatan. That does not make for good government—in fact, the reverse is true.

I am proud to be a local county councillor, and I know how hard my colleagues work to provide good services for their citizens. Sadly, this measure demeans both them and their work. It demeans local government by trying to create the impression that it is inefficient and wasteful, and that it does not care about value for money. None of that is true. How does the Minister hope to encourage good local government when he treats some of the best local councils in such a disgraceful way?

This is a mean and nasty little measure. It demeans local government and this House. It demeans the Government in particular and, I am sad to say, this Minister. That is why I shall vote against it.

4.13 pm

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): My hon. Friend the Member for North-East Bedfordshire (Alistair Burt) and I share the same district council, Mid Bedfordshire, and he has already done an excellent job in fighting our corner. The House can imagine how I feel, as a new Member of Parliament, attempting to follow the experienced and knowledgeable defence that he presented.

It is important to highlight the excellent value that Conservative-controlled Mid Bedfordshire council provides for its council tax payers. It is efficient, well run, locally responsive and successful. It is a low-spending authority, with band D council tax bills well below the national average—they are the 16th lowest in the country, and, the lowest in Bedfordshire. Government inspectors who visited the council praised it for its robust financial planning and awarded it three marks out of four for financial prudence, but it appears that this Government choose to ignore their own inspectors when it is a matter of political convenience. Let me explain what I mean by "political convenience": there is not one Labour councillor on Mid Bedfordshire district council. That does not mean that the council has done anything other than attempt at all times to work with the Government and all their many impositions and directives, despite the fact that they have unnecessarily burdened the council both financially and in terms of morale.

The council, its political leadership and officers have always been committed to delivering genuine efficiency savings. For example, over the past three years, as my hon. Friend the Member for North-East Bedfordshire has said, the council has made savings worth approximately £2.4 million, ahead of the saving requirements expected by Gershon. The council has also identified further savings of £809,000 to be achieved in 2005, with additional targets included for future years. It is always sensitive to Government concerns. Only this year, it has used almost £500,000 of balances to cushion the increase in council tax.

Despite all that hard work and officially endorsed excellent management, Mid Bedfordshire council finds itself being treated like a reckless and irresponsible local authority. People might think that professional, well run Mid Bedfordshire council, commended by Government inspectors for its financial management, was the equivalent of the Labour-run Liverpool city council in the 1980s. The council is and always has been committed to securing value for money for local taxpayers and is actively delivering high-value and well-received services.

It is not just in prudent financial management that Mid Bedfordshire has proven its worth. There are many other areas where it is improving the quality of life for local people. It has taken environmental issues head on. For example, consistent with Government targets, its waste collection service has increased recycling from just 6 to 32 per cent. in just 18 months. How efficient is that? It has thereby reduced the amount of residual waste ending up as landfill. It is indeed an efficient council.

This is a practical statement of an efficient council, working in partnership with local residents to improve the environment and delivering on central Government targets. The council has worked hand in hand with the Government and has bent over backwards to satisfy the Government's whims and wishes in every way possible. As the Minister is aware, Mid Bedfordshire is recognised by the Government office for the east of England as a leading council. It has secured regional centre of excellence funding.

To cap a council that is recognised as a good one, that has set its council tax rate for band D at £102, that is in the bottom 10 per cent. of all taxing councils, that has the 16th lowest rate in the country and the lowest in the county, and whose real-terms increases equate to an increase of £1 a month or 23p a week per resident represents Government interference gone mad. It is an affront to democracy. It is demoralising and distressing to those who have been elected by the people to run the council and those who work for it. Why? Because of the capping injustice, the council must spend £85,000 to refund each resident just 14p a week. For that reason, I consider the Government's decision to cap Mid Bedfordshire district council wholly disproportionate, perverse and draconian. Whatever happened to common sense?

As a new Member of Parliament, I receive many letters and e-mails from constituents, as well as visits to my surgeries. To date, I have not received a single representation that expresses concern about having to pay an extra 23p a week. In fact, the Minister made a point of saying that he had a file brimful of letters. When we challenged him, he indicated that those letters were on the Bench. Can we see them? Can we see that file brimful of letters that you have had from people, complaining about this issue? Where are they from?

I should like to give Ministers the benefit of the doubt. I want to help you out. I do not think that you fully appreciate or recognise the context in which Mid Bedfordshire operates. We all know that you are a very

busy Government—in fact, there are far fewer of you today, which is probably why. You have a tendency to become bogged down by statistics. You have probably seen the percentage increase and think that it is high. We can forgive you this, as you obviously do not understand the historically low base from which the increase is being made. How can you on the Government Benches expect council officers to work and give you their all when they are rewarded in such a humiliating way?

As my hon. Friend the Member for North-East Bedfordshire already stated, Tricia Turner, the council leader is no Derek Hatton. In fact, she and her councillors are the embodiment of professionalism and diligence. They are the foot soldiers of our society and the community. I beg you to reconsider, because your decision is far reaching and damaging.

Let me explain why the baseline is artificially low and why the Government have made a mistake—a big mistake. In recent years, Mid Bedfordshire district council, like other councils, has been reducing its revenue balances by returning money to the taxpayer; by doing that, reserves have been kept to a financially acceptable minimum of £2 million. As soon as balances have been used once, they cannot be used again, the outcome being that council tax has been kept artificially low, with the council's costs not reflected in the amount that they have taxed. The council has been moving its council tax closer to the actual costs of delivering the range of services it provides, with the aim of bringing council tax and spending commitments into line by 2007. That makes Mid Bedfordshire a model council.

Hon. Members will recall a speech made earlier this month by the Minister of Communities and Local Government to the Local Government Association conference in Harrogate. He said:

"It is not sensible for government to micro-manage".

Perhaps he can explain what terminology he would use to describe a council being instructed by central Government to incur £85,000 in costs to return 14p a week to residents. That, Minister, is micro-management, and someone in such a senior position should understand that. Sir Sandy Bruce-Lockhart, chairman of the LGA, has described the Government's capping proposals as "centralised stupidity". Now that is a man who knows his terminology. I imagine that hon. Members on both sides of the House are inclined to agree with him—or perhaps not, given that all the councils being capped are Conservative, despite the fact that Conservative councils in England cost less and deliver better public services, charging £74 a year less on band D properties.

I should also mention that the eight capped authorities received a mere 12 per cent. increase in funding this year, whereas Sedgefield—I wonder who the MP for that constituency is—received a staggering 68 per cent. increase. As the Minister of Communities and Local Government said to the LGA:

"The centralisation of power . . . is both a symptom and a cause of voter dissatisfaction."

If Mid Bedfordshire district council did not perform well, the voters would have voted it out. They did not.

Please pay heed to your own words—look a little closer at what you are doing—

Mr. Deputy Speaker: Order. I had hoped that the hon. Lady would steer out of using the form of address that she has been using. All remarks are made to the Chair, so that when she says "you" she is referring to the Chair, not to the Minister.

Mrs. Dorries: I am sorry, Mr. Deputy Speaker. I hope that the Minister for Local Government will look a little closer at what the Government are doing. This pernicious measure will be regarded by many as politically cheap and unworthy—a sledgehammer to crack a nut. Ministers should do themselves a favour and rethink now, before it is too late.

4.22 pm

Mr. Woolas: I thank hon. Gentlemen and hon. Ladies who have taken part in the debate and put the views, as they see them, of their constituents and local authorities in a generally constructive way, despite some of the language used. I am grateful that most of the insults—not all—have been directed against the collective "we" rather than the individual "I". I shall try to answer some of the detailed points as well as those on general policy.

A theme running through the debate has been the question of why the Government have chosen to concentrate on percentage increases in council tax rather than on real-terms cash increases. I have a couple of points to make in that context. If we had adopted a different policy—one that focused on cash increases—the debate would have been the opposite of today's. MPs from other parts of the country would have argued the inequity of such a policy as it affected their local council—perhaps a unitary council or a metropolitan borough council with a significant budget of more than a third of a billion pounds and council tax band D rates running at £800 or more a year.

The hon. Member for Runnymede and Weybridge (Mr. Hammond) has made his arguments in correspondence and in meetings with me. To him I say that the Government made two points clear. The first was that council tax increases should not be excessive—5 per cent. was the benchmark. The second point—this crucial point has been missed in today's debate and in some representations—was that the council tax increase was only one criterion to which my predecessor referred. Another requirement was to set a budget that was not excessive, and a limit of 6 per cent. was given. We have been consistent in our application of those criteria.

Mr. Pickles: I am sorry to have tell the hon. Gentleman that it is not the case that the 5 per cent. limit was flagged up by the Government. There were some winks and nods to the specialist press, but his predecessor never mentioned 5 per cent.

Mr. Woolas: I take the point that the hon. Gentleman is making—"low single figures" was the phrase that was used. However, none of the councils that we are considering today was close to such figures, so his argument is a case of angels dancing on the head of a pin.

[Mr. Woolas]

Two criteria were applied. We have concentrated today on council tax increases, but there was also a requirement to establish expenditure budgets that were not excessive. Some budgets were far above the level of inflation, whether measured according to the general retail prices index or equated with the inflation rate claimed by some in local government.

Mr. Philip Hammond *rose—*

Mr. Woolas: I would be grateful if the hon. Gentleman allowed me to complete my general points, as I have limited time.

There has been a complaint that councils with a low council tax base are being punished. The hon. Member for Brentwood and Ongar (Mr. Pickles) said that authorities with a low council tax base should be exempt from any capping regime. There is a twofold argument against that. If we take the average as the benchmark and consider councils whose council tax has historically fallen below that level, we would quickly find that a Government of any colour would face an increase in the average. Rises would become a self-fulfilling prophecy. Experience of local government finance in the past 30 to 40 years shows that that is the case.

Another theme of our debate is the accusation that the Government have failed to listen. I am genuinely sorry if that impression has been given. We have made changes, in particular in response to the representations from South Cambridgeshire and elsewhere. If the House does not accept my assurances, I remind hon. Members that we have a legal obligation, which can be subject to challenges in the courts, to show that we have indeed taken those points into account. It is not the prime purpose of the legislation, but I am also under an obligation to take into account the 98 per cent. of authorities that have not made excessive increases in their expenditure budgets or council taxes. Many of those authorities face similar problems to councils mentioned in today's debate, including the negative housing subsidy to which the hon. Members for Brentwood and Ongar and for Kettering (Mr. Hollobone) referred. It is reasonable that the Secretary of State should take such matters into account.

Arguably, the very fact that we are talking about small amounts and a small number of local authorities shows that although capping is regrettable—our policy of using capping only as a last resort has failed in this respect—it has nevertheless secured the lowest level of council tax increases across the country for a number of years. Given the 12.9 per cent. of previous years, we cannot dismiss the 4.1 per cent. achieved this year. As for the accusation that the order is politically motivated, when I was first briefed on the issue and saw the word "Sedgemoor" the colour drained from my cheeks, as I genuinely believed that it was the constituency of my right hon. Friend the Prime Minister. I faced the daunting prospect of meeting not just a former leader of the Conservative party—everyone would regard the right hon. Member for Richmond, Yorks (Mr. Hague) as a formidable advocate—and his local authority, but my right hon. Friend. That is not sustainable. As further evidence, I remind the House of what happened last year in a similar debate, when Nottingham city council—not exactly a bastion of the blue rinse Conservative party—was facing a similar problem. I give the assurances requested in that regard.

The hon. Member for Brent, East (Sarah Teather), speaking on behalf of the Liberal Democrats, said that she would not support any capping regime. Will she then desist from blaming the Government, as she does constantly, when council taxes rise above the level of inflation? When there was no council tax regime three or four years ago, the Liberal Democrats were the first and the strongest to condemn not the local councils that put up council tax above the rate of inflation—including my own, which was Liberal Democrat-run at the time—but the Government. She cannot have her cake and eat it. It is consistent for her to say that she opposes a capping regime of any kind, but it is not consistent for her opportunistically to use people who she says are suffering disproportionately from council tax increases and to hang that around the neck of the Government.

Sarah Teather: The Minister will recall that I also said that the way to solve the problem was to deal with the balance of funding crisis. I suggested that the first step might be to give control of business rates back to local councils. That way, they can raise a larger proportion of their income from a local base and have much more control.

Mr. Woolas: I understand the point that the hon. Lady makes. I guarantee the House that were the Government to pursue that policy and use the Lyons review to decentralise the national non-domestic rate, as she suggests, without applying a form of capping regime or an inflation limit to that non-domestic rate, we would be back here in two or three years and she would be blaming the Government for imposing excessive taxes on businesses and her constituents. If she will give me a guarantee that that will not happen, I will guarantee to consider her proposal more seriously.

Let me respond to some of the other points that were made. I shall try to answer the hon. Member for Runnymede and Weybridge if I can. The hon. Member for Brentwood and Ongar, who spoke on behalf of the official Opposition, did not say that his party was opposed to any capping regime. He said that it was opposed to capping regimes that hit only the lower council tax base local authorities. As he claims that Conservative councils are the more efficient authorities with a lower council tax base, is he not saying that he would accept a capping regime as long as it did not apply to Conservative authorities? Is he not therefore hoist on his own petard and guilty of what he falsely accuses me of doing?

Mr. Pickles: The Minister has been most courteous in giving way and we all thank him. He has introduced a new idea that because low-spending authorities increase council tax by a particular percentage, that affects the aggregate amount raised by local authorities. However, the calculation is on the actual increase, not on the percentage, as the hon. Gentleman agrees. I have quickly calculated that the proposal would put up the average by 0.002 per cent. In order to make a 1 per cent.

increase on the average, councils would have to increase their council tax by 2,000 per cent. Does he expect to be taken seriously on the basis of that maths?

Mr. Woolas: Let the hon. Gentleman come with me to the Local Government Association—and in particular to the district councils that have kept their council taxes down and restricted their budget expenditure as a result of the policy promoted by the Government—and let him justify his argument there to the other councils that have not put up their council taxes excessively. The hon. Gentleman is trying to have his cake and eat it. He cannot criticise the Government consistently for council tax increases above inflation, and then shy away from the very regime that has helped to prevent that. I believe that that answers his point.

My hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) has the virtue of consistency and has opposed capping in any form. I respect him for that and also suggest that he is being consistent by not attacking the Government for above-inflation council tax increases. Indeed, as I recall, he was consistent in attacking the Liberal Democrat-run Sheffield council, as it was then.

The right hon. Member for Richmond, Yorks and the hon. Member for Vale of York (Miss McIntosh) have been assiduous in putting forward their council's point of view, so I shall try to answer several of the questions that they asked. The right hon. Gentleman asked whether a council tax increase from £10 to £11 would be excessive. I reply to that by pointing out the second criterion that was used in our policy: the establishment of the budget, as well as the council tax. He is looking at only one side of the coin. Even if an increase is excessive, we will consider individual circumstances if councils challenge the cap. However, he will know, as will the hon. Member for Vale of York—I shall try to respond to the point made about the Bellwin scheme as well—that Hambleton council has taken the decision to use its reserves in a way that other councils have chosen not to, or have been unable to. When trying to apply a policy that is fair to that council and other councils, as the Secretary of State is obliged to do, we must consider the pattern of the use of reserves and increases to budgets, as well as increases to council tax.

The hon. Member for South Cambridgeshire (Mr. Lansley)—

Miss McIntosh: Will the Minister respond to my point?

Mr. Woolas: Oh, I am sorry. The hon. Lady rightly reminds me that she made a point about the flooding that her area has suffered, about which she has also written to me. Emergency financial assistance is available under the Bellwin scheme and Hambleton district council has applied for it. An authority can receive assistance with non-insurable clear-up costs incurred by taking immediate action to safeguard life and property following a disaster or emergency in its area. If an application is approved, we usually reimburse the authority with 85 per cent. of eligible costs above a threshold relating to its annual budget. I hope that she accepts that the assistance and the capping are separate issues, although I undertake to write to her comprehensively about the matter.

Miss McIntosh *rose—*

Mr. Woolas: I acknowledge the hon. Lady's point, but may I move on?

The hon. Member for South Cambridgeshire made several points and asked several questions about his council. He said that the council tax had increased from £70 to £140, but seemed to dismiss that as a trivial point. He then made what seemed to be a valid point, on the face of it, by saying that the consequence of the cap would be to reduce the council's expenditure from £13.7 million to £12 million. Although he would not expect me to dictate how that problem should be addressed, the hon. Member for Cambridge (David Howarth), who led the neighbouring council, criticised South Cambridgeshire for the way in which it used its reserves. I understand that South Cambridgeshire has more than £6 million of reserves. I ask him to consider the fact that I must be able to treat his authority, and other authorities that are not in such a situation, consistently.

I hope that I can reassure the House that we are listening carefully and taking representations seriously by saying that South Cambridgeshire council applied for judicial review this week to challenge the decision. The judge had some empathy with the council. I cannot quote Mr. Justice Stanley Burnton directly, but the essence of what he said was that although he had the utmost sympathy with the authority because it did not propose to increase its expenditure excessively, the capping was predictable because it had levied an artificially low council tax in the past and reduced its reserves.

Mr. Philip Hammond: What is wrong with that?

Mr. Woolas: The hon. Gentleman asks what is wrong with that, but we are trying to ensure that council tax payers are protected from excessive increases. That policy is working.

The hon. Member for North Dorset (Mr. Walter) said that he was not listened to when he met the Under-Secretary, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick). I am sorry that that was his impression, but the idea was to allow local authorities and, where appropriate, hon. Members to make representations. I was not obliged to receive such representations, but I was obliged to ensure that all local authorities, whether they are capped or not, are treated consistently, which is what I have set out to achieve.

Mr. Hammond: Will the Minister give way?

Mr. Woolas: I must make some progress. We have had a full debate in which the hon. Gentleman's points have been heard.

The hon. Member for North-East Bedfordshire (Alistair Burt) had some fun at my expense in saying that Mid Bedfordshire district council is not a titan and that I should not be afraid of it—I am not afraid of it, but I am afraid of excessive council tax increases.

[Mr. Woolas]

Conservative Members have derided the cap because of the relatively small amounts of money involved, but the very fact that we are discussing such small amounts means either that the problems are not as great as has been made out or that the Government's council-capping policy has been successful. Furthermore, capping is a last resort that affects only a small number of councils.

Mr. Hammond: Will the Minister give way?

Mr. Woolas: No; I must make my points.

The leader of the independent group on Mid Bedfordshire district council, John Gurney, has written to me, as have constituents of the hon. Member for South Cambridgeshire. John Gurney stated:

"The 13.3 per cent. increase, and a budget plan that proposes a similar increase for next year, were both unnecessary and unacceptable to our residents. I trust there will be no suggestion of backing down from the action . . : proposed."

The 13.3 per cent. increase is nowhere near the amount indicated either specifically or generally by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford). Although it is not for me to dictate how the cap should be met, the reserves available to Mid Bedfordshire district council are not available to other councils.

The legislation states that the cost of billing must be met from this year's budget. The capping regime must have teeth in order to fulfil its purpose, and my right hon. Friend the Member for Greenwich and Woolwich made it clear that the billing costs would have to be met in the current financial year if excessive budgets and excessive council taxes were set.

I have not had an opportunity to address all the points raised by hon. Members. I am not, as some Opposition Members have suggested, embarrassed by the Government's policy, which is to keep council tax down. Opposition Members must respond to this final point—if they oppose all capping regimes and want me to guarantee that such regimes will not be used in future, they must guarantee that they will not blame central Government for above-inflation council tax increases.

It being three hours after the commencement of proceedings on the motion, MADAM DEPUTY SPEAKER *put the Question, pursuant to Order [14 July].*

The House divided: Ayes 297, Noes 226.

Division No. 47] **[4.44 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, rh Mr. Robin
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Mrs. Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob

Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Ian Cawsey and
Mr. Tom Watson

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Conway, Derek
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Mr. Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Mr. Martin
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob

Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simpson, David
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Mark Prisk and
Mr. Peter Atkinson

Question accordingly agreed to.

Resolved,

That the draft Council Tax Limitation (England) (Maximum Amounts) Order 2005, which was laid before this House on 7th July, be approved.

EU CONTRIBUTION TO THE GLOBAL FUND TO FIGHT HIV/AIDS, TUBERCULOSIS AND MALARIA

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

That this House takes note of European Union Document No. 7455/05, Commission Staff Working Document on "Principles for a European Union Contribution to the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria (GFATM) with a view to the 2006/07 Replenishment Process"; welcomes the European Union update; considers this an important area for reducing poverty; and encourages the European Union and Commission to do more to maintain their strong support for tackling the three diseases, in particular through the current high level of funding for the Global Fund.—*[Claire Ward.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Government Trading Funds

That the draft Medicines and Healthcare Products Regulatory Agency Trading Fund (Amendment) Order 2005, which was laid before this House on 30th June, be approved.

Extradition

That the draft Extradition Act 2003 (Amendment to Designations) (No. 2) Order 2005, which was laid before this House on 26th May, be approved.

Value Added Tax

That the Value Added Tax (Disclosure of Avoidance Schemes) (Designations) (Amendment) Order 2005 (S.I., 2005, No. 1724), dated 29th June 2005, a copy of which was laid before this House on 29th June, be approved.

Crown Proceedings

That the draft Civil Procedure (Modification of Crown Proceedings Act 1947) Order 2005, which was laid before this House on 23rd June, be approved.

Trade Union and Labour Relations (Consolidation)

That the draft Code of Practice on Access and Unfair Practices during Recognition and Derecognition Ballots, which was laid before this House on 5th July, be approved.

That the draft Code of Practice on Industrial Action Ballots and Notice to Employers, which was laid before this House on 5th July, be approved.—*[Claire Ward.]*

Question agreed to.

REGULATION OF FINANCIAL SERVICES (LAND TRANSACTIONS) BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(8) and (9) (Programme motions),

That the Programme Order of 23rd June 2005 relating to the Regulation of Financial Services (Land Transactions) Bill be varied as follows:

1. Paragraphs 4 and 5 of the Order shall be omitted.

2. Proceedings on consideration and Third Reading shall (so far as not previously concluded) be brought to a conclusion three hours after commencement of proceedings on consideration at this day's sitting—*[Claire Ward.]*

Question agreed to.

Orders of the Day

Regulation of Financial Services (Land Transactions) Bill

Not amended in the Standing Committee, considered.

Order for Third Reading read.

5.1 pm

The Economic Secretary to the Treasury (Mr. Ivan Lewis): I beg to move, That the Bill be now read a Third time.

The aim of the Bill, as I am sure hon. Members already know, is to extend the full protection of Financial Services Authority regulation to consumers purchasing home reversion plans and ijara sharia-compliant home finance products. That will help people to make informed choices about what may be the most significant financial decision that they make and ensure that there is a level regulatory playing field in the equity release market, much of which already falls within the FSA's remit.

I am grateful to Opposition Members for constructive debate in Committee and for their continuing support for this useful and important measure. Indeed, the Bill may have gone through its various stages at record speed, although I do not want to tempt fate.

As the hon. Member for Cities of London and Westminster (Mr. Field) pointed out in Committee, it is when there is unanimous support for a Bill's objectives that it is perhaps most important that proper scrutiny of its detail should take place. I congratulate the hon. Gentleman and the hon. Member for Richmond Park (Susan Kramer), who is not present this afternoon, on ensuring that scrutiny took place constructively and effectively. I should also like to place on record my thanks to my hon. Friend the Member for Gower (Mr. Caton) for so ably steering our scrutiny of the measure in Committee. I think it was the first time he had performed that role and we were all grateful for the efficient and effective way in which he did so.

Our deliberations in Committee focused on two main points: first, whether a de minimis limit should be applied to regulation; and, secondly, the need for continuing parliamentary scrutiny of the costs of regulation.

I hope that I was able to assure the hon. Member for Cities of London and Westminster that the Government had considered the de minimis threshold carefully when drawing up the Bill. Indeed, we included a specific question on whether a de minimis limit was appropriate in our public consultation. As I made clear in Committee, the Government do not believe that it is appropriate to set a de minimis threshold for the regulation of home reversion plans and ijara home finance products because of the risk that less scrupulous providers might exploit it by offering multiple loans just under the de minimis threshold to the same borrower. The risks to the consumer of cumulative borrowing would be no different from those attached to a single plan for more than £50,000. We also believe that that could create a potential distortion in the market. The view received unanimous support in the consultation.

The respondents to the consultation included a wide spread of home reversion providers, industry representative bodies, not-for-profit organisations and consumer representatives.

The second issue is the proper and appropriate scrutiny of costs. The debate in Committee focused on this issue, particularly in relation to regulation in this area, in order to ensure that the costs remain proportionate. I made it clear to the Committee that ensuring proportionality of regulation is hard-wired to the DNA of the Financial Services Authority. The Financial Services and Markets Act 2000 obliges the FSA to ensure that regulation for which it is responsible is proportionate and takes into account the effects on competition, innovation and international competitiveness. Should the Bill pass successfully through Parliament, the FSA will consult publicly on the detailed rules that it intends to apply to home reversion plans and ijara home finance products. Included in the consultation will be a full cost-benefit analysis.

Furthermore, the FSA is already accountable to Parliament. Its annual report is subject to parliamentary scrutiny and must set out how the authority has met its statutory objectives and principles of good regulation throughout each year. Those principles include the requirement always to ensure that the costs of regulation are proportionate. I was therefore able to reassure the hon. Member for Cities of London and Westminster that the proposed amendment requiring additional impact assessments was unnecessary and would simply create an additional burden for industry, without providing any clear benefit.

John Bercow (Buckingham) (Con): The Minister is prudent to have regard to the importance of proportionality. Given the commitment that he has just made to proportionality and to keeping regulation to a necessary minimum, what assessment has he made of the merits of incorporating some of the provisions of the Regulatory Flexibility Act 1980 and of the Small Businesses Regulatory Enforcement Fairness Act 1996, both of which hail, as he knows, from the experience of the United States?

Mr. Lewis: As we develop our better regulation agenda, we consider the lessons to be learned from the global marketplace. Where there is a case of regulation being done better and more effectively, we should of course take account of it. However, it is important to place on record the fact that, in any international dialogue about best practice in regard to financial services, the FSA comes out very positively indeed in any analysis.

The point that I have been making since I got this job is that it is not inconsistent to say that, while the FSA is an excellent example of best practice in regulation, there is always room for improvement and always room to work with the industry to consider better regulation, both in terms of domestic regulatory measures and in terms of those that emanate from the European Union. In this country, the FSA, the Government and the industry have been quite successful in ensuring that the financial services regulations that emanate from the European Union are consistent with many of the principles that we want to see applied in terms of proportionality and best practice. That does not mean

[Mr. Lewis]

that we always win the argument, but I think most people would accept that, largely as a result of the respect that the FSA commands, we have been able significantly to influence the agenda relating to the regulations for the financial services sector that come from the European Union.

To respond further to the hon. Gentleman, we are keen to look at the regulatory bodies in the United States, as well as globally, in achieving a level playing field in the regulation of the financial services sector. That is not easy to achieve, and there is an argument that liberalisation and the opening up of the market should be the greatest priorities for financial services. However, we certainly want to see an increased emphasis not only on internal regulatory systems within the European Union but on looking outwards to our relationships with the United States and with the emerging economies of India, China and elsewhere.

The better regulation agenda needs to be considered domestically, as well as from a European Union point of view. It also needs to be considered in the context of the global market and the global economy. We are rightly proud of the leading role that Britain plays in that regard. There is always a difficult balance to be struck: we must protect the interests of consumers but not stifle the innovation of business, particularly in the financial services sector. We know the tremendous contribution that the sector makes to the success of the British economy, and long may it continue. I therefore hope that the hon. Gentleman is reassured by my response to his extremely interesting question, about which I may speak to him on another occasion.

The issue of the costs of regulation, which has been raised by the hon. Member for Twickenham (Dr. Cable) previously, has been the subject of some discussion. It is important to know that the costings in the published regulatory impact assessment remain estimates, as I have said before. They are derived from figures published by the FSA in relation to the existing mortgage regime, and are based on future projections of market size, which have left considerable room for dynamic market growth. In addition, the precise nature of the regime that will apply to home reversion plans and ijara products will not be finalised until the FSA has consulted on its detailed rules. As it is statutorily obliged to do, the FSA will issue a detailed cost-benefit analysis alongside its consultation on the detailed rules. That CBA will enable us to further refine the costings in our RIA currently, and it is possible that in the wake of a more detailed market analysis and definition of a tailored FSA regime, the projected costs of regulation will fall.

While there is always cost to regulation—to be fair, hon. Members on both sides of the House have accepted that in this context—it is important to remember that in this case the industry is willing to bear that cost, because of the benefits that it believes it will bring to the home reversion market in terms of improved consumer confidence. In the industry's view, that will allow the reversion market to continue its dynamic growth. A deeper and more liquid market in these products should in turn create new opportunities for market entrants. I would therefore encourage Members not to see regulation in this case as purely a deadweight cost to industry, because it clearly has potential benefits and can reduce reputational risks for lenders. I therefore remain convinced that, on balance, the benefits of regulation, both in terms of consumer protection and in terms of securing the confidence necessary for future market growth, outweigh the projected costs.

Having briefly outlined our discussions in Committee, let me conclude by reaffirming that the Government believe that this Bill will benefit both consumers and providers of home reversion plans and ijara home finance products. Regulation, as facilitated by the Bill, will help people to make informed choices when purchasing such products and offer valuable consumer protection in the event of any mis-selling. It will also ensure a level regulatory playing field in the equity release market and should generate the increased consumer confidence that is essential if this market is to continue to grow.

On that basis, I would ask Members to support the Bill. I commend it to the House.

5.12 pm

Mr. Mark Field (Cities of London and Westminster) (Con): I realise that any self-respecting Opposition spokesman would by convention claim on reaching Third Reading that at least some of his party's concerns remained unresolved. I suppose that that is the case, although Her Majesty's Opposition cannot really claim that this Bill is an improvement on the one initially published in May. The fact is that our collective deliberations have made not one jot of difference to the wording of the Bill before us today. In fairness, that might owe more to the fact that this politically uncontentious piece of legislation contains the princely sum of two clauses. Perhaps it might be down to my effectiveness or that of my parliamentary colleagues—at least that is the story that I am sticking to.

In the four weeks since Second Reading, however, not only have we had a constructive Committee stage but we have lived through some tumultuous times nationally. The terrorist atrocities in London and the G8 conference in Scotland followed hot on the heels of the more uplifting, triumphant announcement that our capital city will host the 2012 Olympic games, and the UK's hosting of the series of Live 8 concerts. All of that has been packed into the past few weeks, during our consideration of this Bill.

We have also learned of eventful times for the Economic Secretary, who sped back to his native north-west from the Second Reading debate to attend his sister's wedding celebration. I know that it is common for young men to be fearful of their fathers-in-law, but I suspect that the newest arrival to the Lewis clan will have more cause for trepidation in his relationship with his new brother-in-law. The Economic Secretary also revealed in Committee his split allegiances: red in his political affiliation, and blue—well, sky blue at least—in footballing terms. I sincerely hope that, if only to ensure harmony around the dining table in the Lewis household, the Economic Secretary's new brother-in-law is not divergently schizophrenic in his own football and political allegiances. I am sure that if he were a Tory that would be bad enough, but for him to be a Manchester United supporter as well would be a step too far.

As I warned in Committee, the universal political support for the Bill makes its scrutiny, however brief, all the more important. I should reiterate my own view: I would welcome any move to increase public confidence in home reversion or equity release schemes, not least in the light of the adverse publicity in the financial press that such schemes have received in recent years. It is important to stress, however, that the Bill's proposals are likely to apply far more widely in the years ahead than may be envisaged now.

Equity release will not be the preserve of elderly folk wishing to remain in the family home while releasing capital to make up for inadequate pension provision during retirement. I believe that the single biggest demand for such schemes in the years ahead will be from middle-aged people in the workplace demanding the opportunity to release equity in their homes to give their children a lift on to the otherwise elusive property ladder. In many ways that should be regarded as a welcome trend, but it also reflects the tendency towards greater indebtedness among people in their 20s, especially those choosing to attend university and staying on for post-graduate study.

As the Minister said earlier, during the Bill's progress we have received reassurances from the Treasury about its willingness to review the operation of the legislation carefully in its early years to ensure that the regulatory burden is kept to a minimum. I accept that our probing amendment to introduce the de minimis provision might in itself have led to unintended consequences. Certainly it is not our desire to lay open the risk of home reversion plans and ijara home finance products being exploited by unscrupulous lenders offering multiple loans to the same borrower at a level just below the threshold that Parliament might set. Nevertheless, I hope that attention will be paid to our concerns. Our main worry is that the sheer cost of regulation and administration is such that some larger providers might be dissuaded from involving themselves in equity release schemes just below a certain level. The risk is that that might result not just in diminished choice, but in a deterioration in the quality of service for some of the more vulnerable people seeking to benefit from the Bill.

We have also tried to express some of our more general anxieties about the operation of the Financial Services Authority. I am sure that we shall return to that theme, both in general debate and in debating other legislation. Let me stress again that we consider it crucial, if London and indeed Edinburgh are to remain highly competitive global financial centres, for all regulation to be practical and pragmatic in its approach.

There is little doubt that many market professionals here in London regard the emergence in the United States of Sarbanes-Oxley rules as a substantial hindrance to US competitiveness in financial services. As ever, their true effects will take time to work through the system. We accept that the FSA needs to get the balance right between consumer protection and promoting competition and competitiveness in a global financial context. We should, however, see the situation in proportion. The expansion of the FSA's powers to take in equity release, home reversion and ijara home finance products cannot be seen as an enormous expansion in the regulator's power.

We entirely accept the need for more consumer confidence about these products, particularly given even stronger evidence that property is being used as a proxy for more pension planning by a generation of savers currently in their thirties. Market profitability and product innovation will be of key importance in a relatively immature market, and I have been reassured by the Minister's acceptance that his Department will keep the matter under regular review.

I thank my hon. Friends the Members for South-West Hertfordshire (Mr. Gauke) and for Forest of Dean (Mr. Harper), who provided such sterling support in Committee. It occurs to me that both were born in the 1970s. They are a constant reminder to those of us who are members of a slightly older generation that there may be some urgent self-interest in equity release schemes before the world is too much older. I also thank my hon. Friends the Members for Basingstoke (Mrs. Miller) and for Kettering (Mr. Hollobone) for their contributions on Second Reading.

Notwithstanding the absence of contentious debate, this Bill's passage has provided a useful opportunity to place some of our concerns on the record. No one disputes the importance of placing equity release schemes and home reversion plans under the regulator's auspices, but we do hope that the FSA will keep its costs and those passed on to consumers to an absolute minimum.

As you may have gathered, Madam Deputy Speaker, amid the serious and worthwhile debate there have been some opportunities for levity. For example, the Economic Secretary is now well aware of my rather obsessive knowledge of the pop music charts. I have to confess that I needed to look in a reference book to discover what was number one in the UK charts on the very day that he was born, in the first week of March 1967. I have to report that in the context of this Bill, the song in question—"Release Me"—could scarcely have a more appropriate title. In truth, I suspect that Engelbert Humperdinck may have had other things on his mind than equity release and home reversion plans, but his words were strangely prophetic as he sang, "Please release me, let me go."

On that hopefully not too discordant note, I, too, am happy to commend this Bill to the House.

5.21 pm

Dr. Vincent Cable (Twickenham) (LD): The hon. Member for Cities of London and Westminster (Mr. Field) has said essentially what I wanted to say. This Bill has been well managed in an harmonious spirit and on the basis of great consensus, both on Second Reading and in Committee, where my hon. Friend the Member for Richmond Park (Susan Kramer) represented my colleagues and me.

I thank the Economic Secretary for referring at some length to regulatory costs, which were my main concern. He made the entirely valid point that what is relevant here is not so much the Government's activities as those of the Financial Services Authority. I hope that the FSA has heard our concerns, and that it will take them properly into account in drafting the regulations that will flow from this legislation. The Economic Secretary also made the valid point that the danger with consensual legislation is that things can slip through the

[Dr. Vincent Cable]

cracks. I want to mention a couple of cases where that might have happened, one of which could be quite serious and relates to the ijara proposals. It is clearly too late to introduce amendments, but it is worth flagging up these issues so that the Government can reflect on them before the Bill proceeds to the other place.

There were three basic motives behind the Government's decision to introduce legislation on home equity release schemes: consumer protection; raising confidence in products, so that the market can expand; and creating a level playing field to prevent what the experts call regulatory arbitrage—in other words, preventing capital from flowing from regulated products into unregulated ones, because the costs associated with the latter are lower. On Second Reading, I asked whether this legislation should cover areas that appear to have been excluded from such regulation and from mortgage regulation, such as buy-to-let properties. Having subsequently discussed this issue with bodies such as the Council of Mortgage Lenders, I have been persuaded that doing so would not be appropriate and that the Government were right to exclude them.

However, those bodies also referred to a gap in mortgage regulation that might well lead to regulatory arbitrage. This problem relates to property investment clubs, which are rather different from buy-to-let schemes, in that they do not involve conventional professional landlord management relationships. We are talking about people who are looking to make speculative gains out of housing equity, and in many cases they are driven by the same motives as those that underpin the transactions with which this legislation deals. There is undoubtedly a great deal of abuse of consumers. Some of us will be familiar with the glossy leaflets distributed in our constituencies, advising people to ring a strange telephone number—no address is given—and to turn up to a meeting, where they will then be briefed on how to make themselves very rich by entering into particular property transactions. A good deal of money is undoubtedly being teased out of people in the form of, for example, hidden charges.

I understand that the Department of Trade and Industry has used existing regulation to crack down on a couple of such schemes. I ask the Minister to consider whether it might be sensible to cover them with a relatively modest enlargement of the scope of the Bill when it goes to the other place.

My other point is more serious and relates to the provisions governing ijara finance. We all welcome the idea of creating a form of finance that our Muslim constituents can use comfortably because it meets their religious as well as market requirements. It is an eminently sensible idea and we all rush forward to endorse it. People in the property business and, more particularly, in the Law Society have pointed out, however, that we may be unwittingly creating problems for many of those families by encouraging them to take ijara mortgages without adequate legal protection.

The nature of ijara transactions generally means that the property remains in the ownership of the lender. A person who would normally be a mortgagee is, in fact, a tenant—an assured tenant, but the person who is acquiring the house through ijara finance is not the owner of the house. The equivalent of the mortgage lender is the owner, which presents two serious problems.

First, the occupant of the house is in a much weaker position in respect of disputes over arrears. Under the Housing Act 1988, the lender or owner of the property could evict after two months of arrears, whereas under conventional mortgage arrangements, the mortgagee has security of tenure. In those circumstances it is a matter for a court and a court order has to be obtained. The ijara borrower is therefore in a much weaker position than the conventional mortgage borrower.

Secondly, another difficulty applies either when someone wants to pay off their obligations or to foreclose. Under a conventional mortgage, the mortgagee is protected in that the mortgage lender is obliged by law to secure the best possible price and to make available, if he sells the property, a full account of the transactions. Under an ijara arrangement, however, the provider has no such obligation. According to lawyers, we could unwittingly place people who undertake ijara transactions for perfectly good reasons in a very weak legal position with respect to the providers of those products.

I ask the Minister to consider, as the Bill proceeds to the other place, whether a couple of legislative changes could be made. I am not in a position—this is not the proper context—to draft amendments, but I hope that the Minister will at least reflect on the idea of making a couple of changes to protect the many people who may want to take advantage of the provisions. One change could provide that any contract for funding under an ijara scheme should allow the party receiving those funds to repay them at any time during the term of the arrangement. The other could ensure that the party receiving the funds had the same protection as that afforded to a mortgagor on realisation of security by a mortgage. These are technical and legal points, which I ask the Minister to reflect on. They are mentioned in the spirit of attempting, at this late stage, further to improve a Bill that we strongly support in principle.

5.28 pm

Mr. David Gauke (South-West Hertfordshire) (Con): May I begin on a personal note as a new Member of the House? This is the first Bill for which I have been present for all House of Commons stages. I have to say that, if this is what to expect, passing law is a somewhat more painless and quicker process than I was previously led to believe. I take note of the Minister's comments about the Bill's passage possibly being a record. I certainly do not intend to go on for long and threaten any speed records for legislation passing through the House. [HON. MEMBERS: "Hear, hear."] I thought that that would be a popular remark. I have also noted the point that the greater the all-party support, the greater the scrutiny that legislation deserves. However, I think that the Bill has received adequate, if brief, scrutiny.

The Bill has been welcomed by all parties. As I said on Second Reading, I represent a constituency with a lot of property-rich but cash-poor people. They are faced with many increased costs such as higher council tax, and welcome the opportunity for equity release. As my hon. Friend the Member for Cities of London and Westminster (Mr. Field) said, parents with children in higher education also find that some sort of equity release can be beneficial.

The key, however, is how the FSA will enforce the Bill. Its role has been discussed as the Bill has made its way through the House, as has the tension that appears to exist between Treasury Ministers and the Prime Minister. Treasury Ministers often say that the FSA is one of the best regulators in the world. I do not necessarily disagree, but on 26 May the Prime Minister said in a speech that there is

"something seriously awry when the FSA, established to provide clear guidelines and rules for the financial services sector and to protect the consumer against the fraudulent, is seen as hugely inhibiting of efficient business by perfectly respectable companies that have never defrauded anyone."

In Committee, the Economic Secretary took a skilful line in trying to reconcile that with the position of the Chancellor and other Treasury Ministers, who have said that the FSA is wonderful, world class and the envy of the world. He remarked that some people saw the FSA as the Prime Minister had described and that it was inevitable that the regulated would so perceive the regulator.

The perception that the FSA inhibits business is, however, a serious matter, because such a perception can drive away business and reduce innovation, and the Prime Minister was right to identify that concern. We should all recognise that, whatever the reality, the perception of the FSA is significant.

The FSA adopts a risk-based approach. That is to be welcomed, but it means that FSA employees tend to err on the side of caution and follow the box-ticking route. As the Prime Minister also said:

"The regulator who fails to regulate risk that materialises will be castigated. How many are rewarded when they refuse to regulate and take the risk?"

That is one of the difficulties with the FSA. Whatever is said at the top of the organisation, FSA staff will always err on the side of caution. My concern is that the financial services sector as a whole might become too heavily regulated, with rules that are too strict and enforced too rigidly. That concern is widespread in the City and in the financial services sector, despite what the Economic Secretary has said while the Bill has passed through Parliament.

Finally, we must be aware of how the FSA treats the financial services sector, and of the dangers of overregulation that we face in this country.

5.34 pm

Mr. Ivan Lewis: With the leave of the House, I should like to reply to the debate.

First, may I say that the hon. Member for Cities of London and Westminster (Mr. Field) has applied himself to this debate with common sense, as he does to every debate? That is probably why he is not a candidate for the leadership of his party. However, I want to let him into a secret: the first chairman of the FSA was a Manchester City supporter, and the current chairman is one too. Given that the club has just decided to swap Shaun Wright-Phillips for Andy Cole, it is possible that we could do with that expertise to advise us in the boardroom.

I should also like to tell the hon. Gentleman that, when he identified the song that was No. 1 in the charts on the day of my birth, the Paymaster General asked that he do a similar job for her during the recess and report back when the House resumes. I am sure that he will agree to undertake that job.

Madam Deputy Speaker (Sylvia Heal): Order. We have gone from football to the pop charts, so let us now get back to the motion before the House.

Mr. Lewis: I accept your wise counsel, as ever, Madam Deputy Speaker; but, seriously, I thank the hon. Member for Cities of London and Westminster for his constructive approach to what is a consensual Bill.

The hon. Member for Twickenham (Dr. Cable) raised a reasonable issue about property investment clubs. When he spoke about the glossy leaflets offering obscure information, strange telephone numbers and dodgy advice that were being delivered, it brought to mind the "Focus" leaflets that are distributed in many of our constituencies—but I will not go there, Madam Deputy Speaker, in view of the advice that you have given to me.

On a serious point, the FSA is considering the concerns about those property investment clubs and will, of course, take appropriate action, if necessary, and advise Ministers accordingly.

I want to respond to the hon. Gentleman's comments on ijara products generally and the danger of unintended consequences. Obviously, I do not ignore his concerns, but it is important to say that those schemes are legal and already in use. In those circumstances, the FSA regulations will ensure that consumers benefit from full and clear advice. Despite the danger of unintended consequences, that is undoubtedly a significant step forward, although we will keep an eye on the concerns that he has expressed.

The hon. Member for South-West Hertfordshire (Mr. Gauke) tends to move about during debates—he was nearly called twice on one occasion recently, as a consequence of such a manoeuvre. He referred to the FSA. It is important that we are clear about the fact that this is not a complex issue: the FSA is regarded globally as a world leader, but does that mean that it is perfect or that it need not engage in the Government's better regulation agenda, as other regulators must do? Of course it does not mean that.

Do we accept that there is always a concern in any organisation that the principles and objectives articulated at the most senior level do not always play further down the organisation in terms of day-to-day interactions? That is a genuine, authentic concern. The management of any significant organisation of any nature, whether in the public sector or the private sector, must have regard for that concern. It is important that the objectives and principles that apply in respect of that organisation's leadership are also reflected in the day-to-day dealings between the regulator and those who are regulated.

The hon. Gentleman's overall point was about those in the financial services choosing to invest in this country. The FSA has arguably contributed to the fact that the financial services sector continues to regard this country as almost the best place in which to do business. Far from detracting from that, the fact that we have leading regulatory practice in the financial services sector makes this country a very attractive place to do business. Yes, we need to continue to ensure that the

[Mr. Lewis]

better regulation agenda applies. We do not want to be smug or complacent because the FSA has rightly earned global respect. Equally, we do not want to face false and bogus choices. We should not suggest that, on one hand, the FSA is somehow not doing its job in the most effective manner possible, while on the other, not recognising the fact that we must achieve the right balance between consumer protection and not stifling innovation and enterprise in the financial services sector. Thus far, the FSA has maintained that balance reasonably well, and we should support the work that it does.

The FSA does a lot of important work on behalf of this country in responding to regulations emanating from the European Union. Our partnership with the FSA is important in that respect because much of the regulation in the financial services sector flows from the EU rather than from domestic legislation. It is extremely important that the Government and the FSA have a constructive relationship in ensuring that this country's vision of an appropriate landscape for financial services regulation is the one that prevails in any argument that arises, not only at EU level, but in the international or global economy.

Now that I have responded to the points made during the debate, let me say a little about why the Bill is important and why putting it on the statute book is justified. We believe that its provisions will help people to make informed choices, offer valuable consumer protection and ensure that there is a level playing field in the equity release market, most of which already falls within the scope of FSA mortgage regulation.

FSA regulation will extend valuable consumer protections to elderly consumers when they are making one of the most important financial decisions that they are likely to take—a point that has not been mentioned in the debate. It will ensure that Muslim consumers are able to access all elements of the growing market in sharia-compliant home finance products while benefiting from the protections afforded by FSA regulation. It will also help people to make informed choices about the home finance products they purchase, create a level regulatory playing field in the equity release market and, by helping to improve consumer confidence in such products, facilitate future market growth. On that basis, I am pleased to commend the Bill to the House.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

ROYAL ASSENT

Madam Deputy Speaker (Sylvia Heal): I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

Appropriation (No. 3) Act 2005.

Finance (No. 2) Act 2005.

Summer Adjournment

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

5.42 pm

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): I thank you, Madam Deputy Speaker, for giving me this opportunity to speak in our summer Adjournment debate, not least because for the past four years I have been subject to an enforced, but enjoyable, silence in the Government Whips Office.

Today, I shall highlight some issues affecting my constituency and the wider city to which it belongs. That city is also ably represented by my hon. Friends the Members for Sunderland, North (Bill Etherington), for Sunderland, South (Mr. Mullin) and for Gateshead, East and Washington, West (Mrs. Hodgson). I shall also take the opportunity to promote the city of Sunderland and Wearside in general and to tell the House about a dynamic city that has transformed itself in recent years.

Last month, Sunderland launched a major marketing campaign asking people to see the city in a new light. Much of the credit for the city's transformation in the past 20 years goes to the leader of the city council, Bob Symonds. Twenty years ago, we were facing the closure of our mining industry and the decline of shipbuilding, but we have moved from a position of decline and managing decline to one of managing progress. That is a big difference. A few decades ago, it would have stretched credulity to say that Sunderland could be one of the UK's great places for inward investment—people would not have believed it. Now, however, we have achieved astonishing change, both economically and culturally.

Sunderland, I remind hon. Members, is the biggest city between Leeds and Edinburgh—a fact that is often forgotten. There was bad news at Longbridge earlier in the year, but the city plays host to the most successful car plant in Europe. This week, the workers at Nissan learned not only that they are the most productive workers in Europe but that their plant is more productive than any plant in the United States. Time and again in recent years Nissan has demonstrated its ability to win contracts to build new models, so I pay tribute to the managing director, Colin Dodge, and the work force. On behalf of the work force and the company I thank the Government for their support for research and development, which has ensured that those models are built in the UK. If anyone wants to drive a truly British car they can, in a Nissan.

Young people in my constituency have achieved much. Again, there has been a big transformation. I am proud to report that with the creation of children's centres, the opening of seven new primary schools in the past eight years, and the building of three new secondary schools in the next few years, we can offer full wraparound education. A great deal of investment has gone into education, which is making a difference in any area that has suffered from underachievement by many young people. Wearside was chosen last year as one of the top five places for business investment by leading accountants KPMG. To reinforce that choice, the area accounts for 12.5 per cent. of the population of the northern region yet produces 25 per cent. of its gross domestic product.

We are drawing up plans to ensure that we are the leading intelligence city within the UK. In my constituency, there are thousands of new jobs coming on stream at Rainton Bridge. We have invested in infrastructure, and are starting to see the benefits. Sunderland was recently included in the world's top seven IT-intelligent communities by world opinion leaders. The key to that success is not just the people in the area but the partnership between the public and private sectors. We have taken steps to make that happen—we are not just planning for today but making sure that we put plans in place for the next five, 10 and 15 years. It has always been necessary to plan for the future, and that has never been more so than in today's global economic environment. The old ways, the old rules and the old expectations about the economy do not apply any more.

Those are the wider Wearside issues that I wanted to bring to the attention of the House, but I also think that a couple of local groups in the constituency are worthy of mention. The Square Root group, whose members are predominantly women, has raised hundreds of thousands of pounds in the past couple of years to transform a derelict eyesore at the heart of that former mining community of Herrington Burn into landscaped gardens and play facilities for children. It is a great example of people power, and an inspiration to many in my constituency, including me, showing what people can do to transform a derelict area.

Wearside Women in Need, a dedicated organisation led by Clare Philpson, gives support to victims of domestic violence. It also undertakes imaginative work with domestic violence offenders. It has transformed and, in some cases, saved the lives of many families and individuals in desperate circumstances. A great deal more needs to be done, however, and I urge the Deputy Leader of the House of Commons to tell the Home Secretary that any additional resources that can be provided to tackle the scourge of domestic violence would make a good and positive contribution.

It is easy for politicians to condemn young people and categorise them as yobs and so on but, equally, there are many shining examples, including young Grant Hollis, a pupil at Houghton Kepier school, who represents my constituency in the Youth Parliament. He does excellent work representing to me and the city council the views and aspirations of young people in the city.

On local democracy, I urge the Minister, in consultation with others, to ensure that in next year's local council elections we have the opportunity to do what we have done for many years—that is, to vote by post. To the best of my knowledge there have been no problems with that in the city of Sunderland, and in many areas it has doubled the turnout. Anyone who believes in democracy and is a confirmed democrat must be encouraged so that we can double turnout.

Those are some of the issues that I wanted to mention, and I am grateful for the opportunity to do so. There has been a big transformation in the area, and I hope that the Minister will take on board the points that I have made.

Madam Deputy Speaker (Sylvia Heal): Order. I remind all hon. Members that Mr. Speaker has imposed an eight-minute limit on Back-Bench speeches.

5.50 pm

Mr. David Heath (Somerton and Frome) (LD): I always welcome the pre-Adjournment debate as a valuable opportunity for Back Benchers to raise issues. I am sorry that it is so abbreviated today and that we do not have enough time for all those who wish to be called. It is therefore not appropriate to take a panoramic view of the world and its problems in the short time available. It is a pleasure to follow the hon. Member for Houghton and Washington, East (Mr. Kemp), who extolled the virtues of the city of Sunderland. I am pleased that he now has the chance to do so vocally, rather than being constrained by the office of Whip.

I propose to use the opportunity unashamedly to raise matters in my constituency, and it would be inappropriate if I were to abuse my position on the Front Bench and take longer than the time allocated to Back Benchers, so I propose to stay within the limit. There are three issues of great importance to my constituency that I wish to raise. One is the still-awaited new Victoria hospital in Frome. I am getting increasingly worried that the hospital, which was promised back in 1998 and should have been completed years ago, is still so far from completion—indeed, it is still a greenfield site. I am having a meeting on the subject with the local primary care trust next week, but I remind Ministers that if we do not get a satisfactory solution, I shall raise the matter after we return from the summer recess.

Another problem is the A303—a recurrent problem for local residents, both in safety terms and in traffic noise terms, particularly at this time of year, when the A303 carries an enormous amount of traffic bound for the south-west of England. However, I shall spend the bulk of my time on a very local issue, the water supply to the village of Witham Friary in my constituency. I do so for two reasons; first, because I have had a prolonged dialogue on the subject with the clerk to Witham Friary parish council, Deborah Ligatt, and with members of the parish council and other residents, and secondly, and to me equally importantly, because I live in Witham Friary, as do my family, and we are directly affected. I therefore have a direct interest, which I declare.

We are unusual in that our water supply is provided by the Duke of Somerset's estate. It is a private water supply. It is not connected to the large water companies. Although in many ways that is a satisfactory arrangement, in other ways it is becoming less satisfactory, and increasingly so over recent years. We have had problems with the quality of supply because of contamination. We have a particular difficulty because there is a thin layer of greensand that provides the filter, with the result that there is often bacterial and other contamination of the supply. The other consequence is that the water is highly acidic, which means that it contains a lot of dissolved metals—iron and copper, and we hope not lead, but we have to be careful about old piping.

The imminent difficulty is that the Environment Agency has applied a daily extraction limit of 193 cu m on the water supply, which theoretically is enough for our needs, but in practice, because of very substantial leakage from the old main, is far from adequate. As a result, there have been interruptions in supply for all the residents in the village. The interruptions have caused difficulty and inconvenience to those who need their

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domestic supply and could lead to public health problems. However, the situation is catastrophic for those who rely on the water supply for their agricultural undertakings. Dairy farmers around the village are finding it difficult to water their livestock due to the interruptions of supply.

The estate is trying to rectify the problem. It has addressed the water quality by undertaking to replace the limestone bed of the reservoir and starting to fit alarm telemetry and automated systems. However, we have a real problem with supply. We need to replace the cast-iron main and the spurs from it. The alternative is to add water from the water companies to the supply, but Bristol Water has indicated that it would cost £400,000 for it to provide water to our supply. Such a proposition is completely beyond what would be reasonable for the Duke of Somerset's estate. Wessex Water simply says that it would be unable to provide additional water.

The problem that we face is that no one seems to have any responsibility for maintaining water supply in the event of the failure of a private supply. I am not criticising the Duke of Somerset's estate because it has assiduously tried to find a solution. It has been helpful and has discussed the matter frequently with local residents. However, we are not only exasperated by the lack of progress, but worried about what could happen in the future. We have found no reference to an obligation to maintain supply through our research. The regulatory authorities enforce the requirement to maintain water quality for reasons of environmental health, but if a water supply fails, it appears that no one can take appropriate action. There is a big question about what will happen if the estate is unable to fund the new main that is needed, or if it is unwilling to do so. It is to the credit of the estate that it has given no indication that it will walk away from the water supply to the village, but who would stop it doing so? If it walked away, what would be the consequences for the village?

A possible solution to the problem would be to drill an additional borehole. The parish council and my researchers have gone to various authorities to find out who could assist us, but we have been passed from Department to Department. We approached Ofwat, but it told us that we were classed as "resale customers" and that it had no responsibility for such customers. It suggested that we should examine our written agreements for water supply, but we have no such written agreements. The supply has been there since the year dot. We just get the water supplied from the reservoir up the hill, so there is no written agreement about the quantity or quality of the supply. Although the Environment Agency has regulatory functions to avoid contamination and prevent unnecessary extraction, it appears that it has no responsibility to maintain supply. Government Departments have no interest in the matter, so we are in a quandary about exactly what we can do to ensure that the village—albeit a fairly small one—does not eventually have no water. Most people would accept that that would be entirely unsatisfactory.

A meeting is being held on 3 August to consider possible funding for a new borehole. Will the Minister take what I have said back to Ministers in the Department of Environment, Food and Rural Affairs and ask them what assistance they can give to us? I have already written to them, but this is a desperate matter for the people whom I represent and my neighbours, so I want to be able to help them.

5.59 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): Before the House adjourns for the recess, I ask hon. Members to consider the need for action to prevent nuclear proliferation, following the disastrous failure of the nuclear non-proliferation treaty review conference in New York two months ago.

The NPT came into force 35 years ago and is built on three pillars: first, it prevents proliferation by stopping states that do not have nuclear weapons acquiring them, and by preventing states that already have nuclear weapons from acquiring more; secondly, it obliges states that have nuclear weapons to disarm; and, thirdly, it enables nuclear technology to be used peacefully.

The NPT is subject to a review conference every five years. The review conference in 2000 was widely viewed as a success—it adopted a 13-step programme for the total elimination of the nuclear arsenals of the nuclear weapons states.

If it was important to make progress in 2000, a quick glance at events since then tells us that it was crucial to make progress in 2005: in December 2003, Libya revealed that it had been working for years on a secret nuclear weapons programme; in January 2003, North Korea announced its withdrawal from the NPT; and in February 2005, North Korea announced that it had manufactured nuclear weapons. Furthermore, the International Atomic Energy Agency has found and declared uranium-enrichment activity in Iran and the AQ Khan trafficking network has been exposed. Despite some progress on disarmament, the UN has stated that the world contains approximately 27,000 nuclear weapons. World awareness of the importance of keeping nuclear materials out of the hands of terrorists has risen exponentially since the review conference in 2000.

The non-proliferation treaty regimes have not kept pace with the world situation, and the conference on disarmament and the UN disarmament commission have both been fruitless for years. Against that background, one would have expected a degree of urgency as delegates met for the 2005 NPT review conference. It was an opportunity to put things back on track, to ensure that the tools that we have to prevent proliferation work, to impose disarmament and to enable peaceful nuclear technology that is fit for purpose, but that is not what happened. Nearly two thirds of the 26 days of the conference were taken up with deliberations over logistics—it took 10 days to agree an agenda. Rather than agreeing vital measures to strengthen the non-proliferation regime, the conference concluded with no substantive agreement whatsoever.

The NPT was an agreement between the five states that already had nuclear weapons and the states that did not. The non-nuclear states pledged not to acquire nuclear weapons, in return for which the nuclear weapons states committed to disarming their nuclear weapons capabilities. The fact that that deal at the heart of the NPT remains unmet is an important part of the background to the difficulties encountered at the review

conference in May. The nuclear weapons states are seen to be half-hearted about their side of the NPT bargain and to have resisted attempts to focus attention on their disarmament obligations.

The current security climate has understandably led to calls for a tougher non-proliferation regime for non-nuclear weapons states. While we nuclear weapons states are perceived as disengaged from our side of the NPT deal, however, there is the danger that our insistence on non-proliferation will not carry adequate credibility with the non-nuclear states.

The stalemate in New York was depressing and alarming in equal measure, but it did not detract from the importance of the NPT and the need to strengthen the NPT's mechanisms and operations. We must make progress in many areas—several credible proposals have been suggested, and I shall briefly outline five of them.

First, we must achieve the universal adoption of the IAEA's additional protocol, which is designed to ensure that states cannot divert fissile material to secret weapons programmes. In the parlance used in the field, the additional protocol must become the new standard for verifying compliance with non-proliferation commitments.

Secondly, we should adopt the IAEA proposals for incentives for countries to forgo the development of fuel-cycle facilities. The supply of the necessary fuel for peaceful energy uses would be guaranteed, possibly with the IAEA as guarantor, in return for which states would pledge not to develop domestic uranium-enrichment or plutonium-separation capabilities.

Thirdly, we must secure a fissile material cut-off treaty to halt the further production of plutonium and weapons-grade uranium, and I welcome the UK Government's pledge to work for progress in that field.

Fourthly, we must see the early introduction of the comprehensive test ban treaty, pending which all countries must affirm their commitment to a moratorium on testing. To the Government's credit, the UK signed that treaty in 1998, but it can come into force only when all five nuclear weapons states, and all states with civil nuclear reactors, have signed. Eleven such states, including China and the United States, have still not made that commitment.

Fifthly, disarmament is one of the three pillars of the non-proliferation treaty, and it is essential that progress be made on the elimination of all nuclear weapons, as agreed by the NPT states, including the UK, at the review conference in 2000.

Before the House is due to return from the summer recess, there will be a meeting of Heads of State and Government and a high plenary level event at the UN General Assembly in New York in September. United Nations Secretary-General Kofi Annan has published a report for decision by the world's leaders at that summit, which makes key recommendations concerning all three pillars of the NPT. In this month's communiqué on non-proliferation, the G8 welcomed the attention given to that subject in the Secretary-General's report and declared themselves ready to engage actively at the September summit.

I am glad that my hon. Friend and constituency neighbour, the Deputy Leader of the House, is replying to the debate, and I hope that he will convey this request to his colleagues in the Government: I urge the British Government to do all they can to secure a positive outcome for the people of this country and the world.

6.6 pm

Mr. Michael Fallon (Sevenoaks) (Con): I am grateful to have the opportunity to raise three local issues that affect the quality of life in my constituency. They are not unique to my constituency; they probably affect all of us. Indeed, some of them have been raised before.

The first is the planning system, and how it applies to Travellers, in particular, who want to develop encampments, especially in the green belt. My constituency—and, I am sure, the constituencies of many other hon. Members—is almost under siege from multiple applications by Travellers. The villages of Crockenhill, Swanley, Hextable, West Kingsdown, Knockholt and Halstead have been inundated with applications.

The applications are not, in the most part, made by those who like to claim that they enjoy the itinerant lifestyle, in which they may be impoverished but are free to pursue their own way of life, moving on from site to site. In the main, when investigated, the applicants turn out to have formidable assets and bank accounts, and in many cases to own property in the constituency already. They are simply people who are trying to build on the green belt where farmland happens to be cheap—precisely because it is in the green belt, so people should not be able to build on it—in an area with easy access to the motorway system.

Our district councils seem almost defenceless now. When they rule against Travellers their decisions are often overturned by the Secretary of State on appeal. The cases are prolonged by legal posturing. Many of the applications are retrospective, and those applicants will do everything possible to prolong the determination process. Now we are told that they are covered by a definition of Travellers as some sort of special reserved minority group.

I have raised that issue before, and I raised it specifically during business questions three or four weeks ago. I am sure that it is only an oversight that the natural courtesy of the Leader of the House and his deputy has not led to my receiving a reply. The Government have undertaken to review the planning system in relation to Travellers, and I asked when we would see the results of that review, and when we could expect the Government to come to the aid of district councils to protect our residents against those who simply want to abuse the normal planning procedures and the green belt.

The second matter to which I want to draw the attention of the House is one that I find hard to describe. It is a related issue, concerning the subdivision and marketing of plots of farmland to the naive, who purchase them at very low cost under the mistaken impression that they may one day be able to obtain planning permission on them.

There are two examples in my constituency—a field opposite London road in the village of Dunton Green, and a field opposite Hale Oak road in the village of Sevenoaks Weald. Clearly, unscrupulous operators are marketing those plots to the naive, and I do not think that we can simply leave everything to the principle of

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caveat emptor. So far as I understand it, the only Government response has been to empower councils to serve article 4 notices direct on the land, so that anyone who visits the plot that they are about to purchase or considering purchasing will be aware that the district council is unlikely ever to grant planning permission on it. That is not enough. What happens now is that the plots, once bought, are staked out and sub-divided. Different entrances are created from the road into the field concerned, and before we know where we are local residents, instead of looking at a piece of farmland, look at what appears to be the start of a building site. It seems that the law needs updating, and, if the Minister cannot answer the point tonight, I should be grateful if he wrote to me.

I have nine railway stations in my constituency, some of them major, such as Sevenoaks and Swanley, others smaller and well used to commute to London, and others smaller still and unmanned. A useful report published today by the National Audit Office looks at the condition of our railway stations, and I am speaking not of our major terminuses but of the ordinary, humdrum stations that each of us has in our constituencies. There are two issues.

Unmanned stations seem rapidly to be disappearing into a state of disrepair and vandalism. The issue is: who is responsible for them? The length of the leases given to train operating companies is clearly not sufficient for them to invest substantial sums in the upkeep and improvement of the security of stations. I am at a loss to understand who is responsible for that. Is it Network Rail, or the Strategic Rail Authority, or the Department of Transport? I should be grateful if the Deputy Leader commented on that.

Related to that, and far more alarming, is the proposal by South Eastern Trains to de-man—if that is the right word—some of the stations that are manned at the moment. The proposal is to remove ticket office staff altogether and convert stations that were manned into unmanned stations. I must ask whether the House considers this the right time to be removing staff from stations. To whom are people supposed to report suspicious packages if there are no staff on the station? From whom can they seek assistance, particularly if they are women travelling alone at night who may need it? Again, an excellent report from the NAO, which I commend to the House, raises that issue of who is responsible for the upkeep and security of our railway station network, and I should be grateful if the Deputy Leader answered that point.

6.12 pm

Jim Dowd (Lewisham, West) (Lab): It is a pleasure, as always, to follow the hon. Member for Sevenoaks (Mr. Fallon). One of the issues that I want to raise relates entirely to the South Eastern Trains plan to reduce booking office hours and clerks across south-east London and Kent.

Consultation recently concluded on that ludicrous proposal. As I understand it, it now resides with the Strategic Rail Authority to determine whether it should go ahead. Intriguingly, when South Eastern Trains notified the London transport users committee and the rail passengers committee for southern England of the proposals, it said:

> "Should this go unchallenged, it will take effect."

I do not know anybody who has written in support of those ludicrous proposals, whether from my constituency or the broader area. The company was, I think, being somewhat optimistic in imagining it would get away with its subterfuge.

The reasons for the proposal elude everybody—my constituents and others. The chair of London transport users committee, Mr. Brian Cooke, said that it was

> "one of the daftest proposals we have seen from a Train Operator."

Mr. Mark Woodbridge, regional director of the regional passenger committee for southern England, said:

> "The upside for passengers as a direct consequence of these proposals has not been demonstrated by SET. Passengers do not like stations unmanned, preferring the human touch, seeking help and advice when needed and having a perception that someone is in control"—

the very point that the hon. Member for Sevenoaks made—

> "and looking after their welfare. Replacing people with machines is not the way forward as they do not offer the full range of tickets and cannot provide the human interface or advice that passengers demand."

Machines cannot deal with such matters in these days of ever more complex fare structures—special offers, awaydays, Apex fares and so on.

The hon. Member for Sevenoaks mentioned the absence of staff at railway stations—I think he said that it affects nine stations in his constituency. In my area, it affects Catford Bridge, Catford, Beckenham Hill, Bellingham and Lower Sydenham, which are in my constituency, and Penge East and Sydenham Hill, which, although just over my boundary, are used by many of my constituents. Even stations that are that close to central London will be abandoned for all but three hours a day. There will be no human presence there—nobody to give advice or guidance, and no reassuring presence. They will become another part of the public realm that we leave at risk from those indulging in antisocial behaviour and that normal, decent, law-abiding citizens will feel unsafe in using.

I hope that Members will consider early-day motion 447, tabled by my hon. Friend the Member for Dover (Gwyn Prosser), which details all these issues. Its 25 signatories cover every part of the London, south-east and Kent franchises. I hope that my hon. Friend the Minister will persuade the Strategic Rail Authority to throw these stupid proposals into the bin where they belong.

The other issue that I wish to raise, as a London Member, is that of the Olympics coming to London in 2012. Hon. Members will be aware that we had been due to debate the London Olympics Bill today until the sad news on Sunday of the death of Sir Edward Heath. I never had a great deal to do with Sir Edward, but he was always immensely kind and considerate to me, as I am sure he was to everyone else who came across him. *[Interruption.]* Perhaps some Conservative Members do not share that view, but I will not pursue that.

I pay tribute to all involved in the Olympic bid. It was a tragedy—not as tragic as the events of 7 July—that their great achievement in Singapore should so quickly have been diluted by the events of the following morning. They were disappointed not to get the homecoming that they deserved, but there are seven years between now and the games, and I am certain that we will see how they build on the progress that has been made so far.

At the time of the announcement, I was regarded as something of a sceptic, as is proved by my response in *Hansard* to the statement by my right hon. Friend the Secretary of State for Culture, Media and Sport some 18 months ago. Since then, however, I, like millions of fellow citizens, have been won over by the enthusiasm, imagination, innovation and sheer temerity, in some ways, of the bid put together by all those involved. Now, we need to work not only on providing the games but on ensuring the greatest possible benefit across the country—an enduring legacy, not only for London, after the games have gone in 2012. As a contribution to that, I suggest to the Department for Transport and/or Transport for London that when the Channel tunnel high-speed rail link comes through to St. Pancras, we should rename either St. Pancras or Stratford station, "London Olympic". That would be rather like London Waterloo, in that it would endure for many years, long after the games are gone and forgotten.

In conclusion, and on a more serious note, I seek the indulgence of the House in mentioning one of my constituents and an extremely good friend—Iain Hepplewhite. He is well known to many Labour Members, and others, and to many members of the Press Gallery. He was the parliamentary Labour party's press officer for many years and worked for the Deputy Prime Minister—as he then was not—before going on to be head of press at the Department for Culture, Media and Sport and head of communications at the Department of Trade and Industry. He then became head of communications at the Film Council. Less than six months ago, he was diagnosed with an especially aggressive and rapacious intestinal and stomach cancer. The treatment that he received was excellent but unavailing. Yesterday, he returned to his native north-east to be with his parents. He will be 39 next Sunday.

In my experience, the House is a much more generous and sensitive place than some would have us believe. I hope that all hon. Members will join me in sending our very best wishes and thoughts to Iain and his family for whatever may lie ahead.

6.20 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): Thank you, Madam Deputy Speaker, for giving me the opportunity to make my maiden speech.

My constituency, North-West Cambridgeshire, is relatively new, having been created in 1997, and I am only its second Member of Parliament. However, the area that the constituency covers has a long and distinguished history and many eminent people have left their footprints in its soil. My immediate predecessor was Sir Brian Mawhinney, recently ennobled and now Lord Mawhinney. He is a formidable politician. He was diligent, conscientious, hard working and always put the interests of his constituents first. He was fortunate and privileged to serve in high office, including as Secretary of State for Transport and chairman of the Conservative party. Despite all the pressures that high office brings, he always found time for his constituents.

I am sure that Lord Mawhinney will continue to be involved in local affairs, especially as his title is Lord Mawhinney of Peterborough. When he was a Member of Parliament, one of his passions was supporting the local football team, which is affectionately known as "The Posh". As he is now chairman of the Football League, I suspect that, on at least some Saturdays, he will be found on the terraces of other football clubs.

Before 1997, some 60 per cent. of my constituency was part of the former Huntingdon constituency, where the Member of Parliament was the former Prime Minister, Sir John Major. Sir John and Dame Norma continue to live locally and remain involved in several local concerns, especially charitable interests. Given Sir John's love of cricket, hon. Members will not be surprised to hear that on the odd Saturday he can be found at a local cricket match, and Dame Norma holds an annual charity cricket match in support of Mencap.

A third former Member of Parliament, Lord Renton, lives in my constituency. Hon. Members know that I do not exaggerate when I say that he is one of the most charming men in the Palace of Westminster. Soon to be 97, and still active in another place, he is the president of the Association of Conservative Peers. I am grateful for all the kindness and support that all three previous Members have shown me. It is usual for a new Member to have one former Member of Parliament looking over his shoulder to ascertain what he is—and perhaps sometimes is not—doing. Occasionally, there are two former Members. However, it is rare to have three former Members of Parliament looking over one's shoulder—and such an eminent trio at that.

My constituency covers the southern part of Peterborough, south of the River Nene, and some villages and towns that go down to, but not including, Huntingdon. Peterborough is characterised by rapid expansion. Several people there commute regularly to nearby places. The expansion is best typified by an area known as the Hamptons, where it is proposed to build thousands of houses. The major challenge will be to ensure that the house building is matched by the appropriate infrastructure.

Moving south in the constituency, there are picturesque villages such as Hamerton, which has some 30 houses, and Sawtry, Yaxley, Warboys and Ramsey, which have a few thousand residents. The abiding theme in the southern part of the constituency is that it is of a rural nature. One particular concern for my local farmers is the proposed reduction in European quotas for sugar beet, and I, for one, will be vigorously taking up their interests wherever that is necessary.

I was recently fortunate to be one of the 20 Members chosen in the ballot for private Members' Bills, and I propose to attempt to introduce a Bill on breast cancer screening for women. At present, women between the ages of 50 and 70 receive a notice from their local hospital inviting them for a screening. I propose to try to change that so that women between the ages of 45 and 75 are covered. The logic is that women are now living longer and healthier lives, and it seems sensible to acknowledge that by covering a higher age group. And

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of course, we all know that women below 50 suffer from breast cancer, as well as those over that age. I would have thought that prevention was better than cure. Let us not forget that we are not simply talking about the one in nine women who suffer from breast cancer; we are also talking about their families and friends, and that involves a huge number of people. I very much hope that the Government will give my private Member's Bill due consideration.

Many years ago, I remember watching Prime Minister's questions on television with my parents. I said to them, "I hope that one day I will be on those green Benches." For this Ugandan-born Indian, and Britain's first Gujarati Member of Parliament, a dream has certainly come true. I am particularly pleased that my parents are watching this today, not from the other side of a television screen but from the Public Gallery. Madam Deputy Speaker, you can tell from the look on their faces that my parents, Lakhman and Savita Vara, are delighted to be here rather than on the other side of a screen.

There can be no better privilege for anyone than to represent their fellow citizens in this, the mother of Parliaments, and I am deeply grateful to the people of North-West Cambridgeshire for affording me the opportunity to represent them here. They are wonderful people and it is a lovely constituency. Thank you, Madam Deputy Speaker, for allowing me the opportunity to speak today. I also thank the other right hon. and hon. Members here for extending the usual courtesies to one who is making a maiden speech.

6.27 pm

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I congratulate the hon. Member for North-West Cambridgeshire (Mr. Vara) on making such a moving maiden speech. He talked about all the former Members of Parliament who reside in his constituency—he will not be short of advice, that is for sure. May I say, as someone who is also of Indian descent—I was born in India of Punjabi descent and I share the same cultural spirit as the hon. Gentleman—that it is a great pleasure for me to follow him? I wish him many happy years in the House and I wish his constituents well. I am sure that he will serve them with great spirit.

I want to use today's debate to highlight an aspect of competition law with which the Deputy Leader of the House might be familiar, given that he was previously a Minister in the Department of Trade and Industry. It concerns the Office of Fair Trading's recent consultation on newspaper and magazine distribution. This is a matter of concern to me and, I am sure, to other hon. Members.

If I wanted a newspaper or a magazine, I would go to my local newsagent or a corner shop to purchase one. Alternatively, I could order one, be it the *Financial Times*, the *Daily Sport*, or whatever interested me. The reason that we are able to get such newspapers locally is that the present distribution system enables us to purchase them everywhere, from supermarkets to local newsagents. The local papers that serve my area, such as the *Evening Gazette* and *The Northern Echo*, have also benefited from the unique distribution arrangement.

The *Evening Gazette*, printed in Middlesbrough, goes to some 550 individual outlets across Teesside and parts of north Yorkshire. The vast majority of those are purely local and far removed from the high street. Its editor tells me that only 11.1 per cent. of its sales come from copies purchased in the big supermarkets. The overwhelming majority of its sales come from local newsagents, convenience stores, service stations and corner shops.

That arrangement is possible only because of a long-standing agreement between the publishers of the country's newspapers and magazines and a small number of distributors. The system works. Unlike most specialist retailers, newsagents have been a great success story. In 1995, there were 45,000 newsagents in the UK. There are now 54,000. Inevitably, however, the supermarket chains seem to want to crush this system, accusing it of being anti-competitive. They want to set up their own exclusive delivery system for magazines. They want a distribution system that would corner the lucrative mass market in the magazines that they sell.

The OFT is examining this issue, although there is no trace whatever of any popular desire among the people of this country for change to the current system. At the moment, the demand from supermarkets is for liberalisation only in the sale of magazines. The existing big distributors, however, carry magazines and newspapers together. They are not separate entities living in separate markets—they are both printed words on paper. They are distributed through a system that ensures equality of access. Breaking up that arrangement and allowing the supermarkets to stitch up exclusive deals with distribution firms of their own choosing will have devastating effects. It will mean that the costs for all remaining distributors will rise if they are left to supply only newspapers and a few magazines to local newsagents and corner shops. It will mean that the distribution of newsprint to small villages, small towns and small shops could no longer be subsidised by sales to high street giants and out-of-town superstores.

I see that as a direct attack on the availability of news information and comment to the community. It will certainly affect my constituency, which consists of small towns, villages and outlying estates. All of those are served by thriving newsagents and good entrepreneurs in small shopkeepers. I wonder whether a newsprint distribution system will be willing to incur the costs of delivery to some of the small settlements in my constituency. How will they be able to take a small number of papers to tiny pockets of villages such as Skinningrove, Charltons or Carlin How if they cannot be supported by bulk sales to a supermarket? At that point, distributors might start to demand delivery charges, which most small shopkeepers will be unable to bear. If those shops are driven out of the newspaper market, local papers such as those serving my constituency will also feel the dual impact of lost sales and a declining readership. That will affect everyone in this country.

Local newspapers are a bastion of democracy in this country. As Members of the House, we might not always like what they say and might mutter about some of the letters that they carry, but they genuinely represent democracy and the free exchange of news and information in a local area. The possible options

proposed by the OFT could act as a way of killing those organs of democracy. We should prevent that. News and information are not mere commodities that should be traded like jam and potatoes. Local papers and the ability to buy them are key requisites of a good, ordered and civilised society. The OFT cannot be allowed to kill off such an important function.

The Deputy Leader of the House should talk to his colleagues in the Department for Trade and Industry and the Department for Culture, Media and Sport. I have written to them and they have—obliquely—taken in my concerns. I realise that they are in a difficult position because consultation is still under way, but I am still concerned, as are my local newspaper editors and newspaper managers. They are all equally horrified. They are all worried about the future of their local papers and their ability to reach out to a wide membership.

I hope that the Deputy Leader of the House will take what I have said seriously. He has always done so in the past.

6.35 pm

Mr. David Amess (Southend, West) (Con): I congratulate my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) on his magnificent maiden speech. He spoke without notes, with great hand movements, with tremendous conviction, and with a wide knowledge of his constituency at a very early stage. I know I speak for everyone in the House when I wish him well for the future. He has a very bright future.

I have a shopping list for the Deputy Leader of the House. On a number of occasions, he will have heard me raise the plight of my constituent Maajid Nawaz, who, along with two other Brits, has been detained in a Cairo prison for three and a half years. Very recently, Maajid Nawaz and the other two British detainees witnessed the beating of another prisoner. They went to his assistance, and were then attacked themselves. Those three British detainees are now in the second week of a hunger strike. Mrs. Abi Nawaz, who came to my surgery recently, is extremely worried, and I hope that the Deputy Leader of the House will do what he can to persuade the Foreign Office to deal with what is currently a dire situation.

I agonised about going public on the next issue that I intend to raise, but the family involved have now insisted that I do so. Last December Phil Collings, who was 20 years old, died outside Talk nightclub. The incident took place outside the club. One assailant held Phil around the neck, and the other held him from the front. The two men were arrested. One was the son of a police officer. I am advised by the family that the police never informed the pathologist who carried out the post mortem that Phil had suffered a blow. The result of the post mortem was therefore that he had died of natural causes. The family are not at all happy with the Crown Prosecution Service, which says it has decided to take no action. I have tried quietly to deal with Departments.

The family have now insisted that I raise the matter because two weeks ago a local taxi driver picked up a local police officer who started talking about the CCTV footage of the incident, which clearly showed that Phil had been involved in an altercation with others before his death and had received a blow. At this moment, the official position is that no CCTV footage exists. When I spoke to the taxi driver on the telephone last week, he was happy for me to go public. He will not rest until Phil's mother gets justice for her son. He was a twin. The family have been destroyed by what has happened, and I hope that the Deputy Leader of the House will convey my disquiet to the other Departments with which I have tried to deal in a normal fashion without going public.

Let me raise a similar subject, and ask the Deputy Leader of the House to draw the attention of Home Office Ministers to the BBC 1 programme "Drunk and Dangerous". Everyone saw it: it was peak viewing at 9 pm two months ago. Disgraceful scenes were shown. Will the Deputy Leader of the House kindly ask Home Office Ministers why the nightclubs featured in the programme receive no objections from the police when their licences come up for renewal? I find that quite extraordinary.

The Deputy Leader of the House will also know that Southend council, my hon. Friend the Member for Rochford and Southend, East (James Duddridge) and I have a dispute with the Office for National Statistics, which claims that there are 20,000 fewer people living in Southend than actually live there. On 20 June, I held a public meeting about local bus services, which have had to be cut as a result of the funding situation. So many people turned up to that meeting that they could not all fit into the building. We are talking about people aged from their 60s to their 90s, and it was heartbreaking to hear the devastating effect that those cuts have had on their quality of life. The Minister for Local Government is doing a splendid job in trying to support the local council—we had a very constructive meeting with him—and I raise this issue again simply to ask the Deputy Leader of the House to pass on my concerns.

I am the chairman of the all-party group on solvent abuse, and today the Department of Health published its framework for volatile substance abuse, which is very good news. Until now, the Society for the Prevention of Solvent and Volatile Substance Abuse—Re-Solv—has had to depend on charitable giving from the national lottery. The national lottery and LloydsTSB, which used to fund Re-Solv, have withdrawn their funding saying that funding for substance abuse victims should come from the Government. I ask the Deputy Leader of the House to relay my concerns to the Under-Secretary of State for Health, the hon. Member for Don Valley (Caroline Flint), and to request that she arrange a meeting—I suspect that she will agree—so that we can address the funding problem.

During the last such Adjournment debate, I told the House that Southend United were involved in the play-offs at Cardiff for promotion to league one. I am delighted to report to the House that they won. I also told the House then that St. Bernard's high school for girls, in Westcliff-on-Sea, reached the final of the under-13s national football championship, held at Aston Villa's ground. I am delighted to report that they won. I further told the House that I hoped that the UK would win the right to stage the Olympic games in 2012. I join Mr. Putin, Mr. Chirac and Mr. Schröder in being absolutely delighted that we will indeed be staging the Olympics. In a debate in Westminster Hall in March 2004, I asked our excellent Minister for Sport and Tourism whether, if we were successful in that bid, Essex, and particularly Southend, could be involved. I

[Mr. David Amess]

ask the Deputy Leader of the House to find out from the Minister for Sport and Tourism how Essex and Southend will be involved in the staging of the Olympics.

In conclusion, I wish everyone a very happy summer recess.

6.43 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I begin by extending my congratulations to the hon. Member for North-West Cambridgeshire (Mr. Vara) on an excellent maiden speech. We understand the pride that his parents must be feeling.

I am very grateful for the opportunity to speak today and I should like to bring to the House's attention a very serious issue affecting my constituents. My local hospital trust, the St. Helier and Epsom University Hospitals NHS trust, covers Merton, Sutton, Epsom and beyond, and was created when Epsom hospital got into financial difficulties and merged with St. Helier, which is the nearest hospital for most of my constituents.

In January, local NHS managers voted to overturn the views of residents in Surrey, Merton and Sutton, and to build a new critical care hospital in the Belmont suburb of Sutton, rather than on the site of the existing general hospital at St. Helier. This decision means that St. Helier will lose its accident and emergency, maternity and other critical care services, despite the fact that Belmont is one of the wealthiest areas in the country, and that people living close to it have very high life expectancy, very good access to health care and very high levels of private health care.

That has happened despite the fact that the area around St. Helier has the greatest health needs in the whole catchment area and that people living there have up to 10 years' less life expectancy. The people living there are the most likely to need to go to hospital and the least likely to have access to a car. It has happened despite the fact that the whole catchment area can reach St. Helier within the critical golden hour that our health experts agree is crucial; and despite the fact that more people can go to St. Helier within 20 minutes than they can to Sutton; and despite the fact that St. Helier is far more accessible by public transport than Sutton. It has happened despite the fact that independent analysts called the Sutton choice "deeply flawed" and despite the fact that St. Helier was easily the first choice of people living in the catchment area. It is also favoured by all the MPs in Sutton and Merton and by both Sutton and Merton councils.

Chris Grayling (Epsom and Ewell) (Con) *rose—*

Siobhain McDonagh: Consequently, four months ago, Merton council called these plans in to be considered by my right hon. Friend the Secretary of State for Health. It believed that the plans were wrong and would increase health inequalities. Earlier this week, I was informed that my right hon. Friend is still considering whether to refer the case to the independent reconfiguration panel. Yet four months on, the NHS authorities are continuing to plough ahead with their plans, using public money, even though my right hon. Friend has not made up her mind. If a local authority were planning to reorganise its schools, it would not be allowed to continue spending taxpayers' money until the decision had been ratified. Why should it be different in the health service?

Let me be clear: the decision to choose Sutton over St. Helier was wrong. The team behind the plans calls itself Better Healthcare Closer to Home. It is a good job that the Trade Descriptions Act does not apply to the NHS. Crucially, the organisation has neglected the needs of those who need the NHS the most. Those people will not be getting better health care.

The issue of health inequalities has been all but forgotten by Better Healthcare Closer to Home. Why else would it be running down St. Helier when the area around St Helier has the lowest life expectancy, the most emergency admissions, the highest rate of accidents among children, the lowest levels of general good health, the most people with long-term illness, the most babies born with low birth weight, the most people without access to primary care, the lowest incomes, the largest black and ethnic minority population and the least likelihood of owning a car?

Overall, it would be cheapest to patients if the hospital were based at St. Helier, but that has not been addressed by the Better Healthcare Closer to Home team, even though Government rules say that the cost to patients, not just the cost to hospital trusts, must be included in the plans. Even the Better Healthcare team itself admits that, if the Sutton site were chosen, people living in seven of the 10 most deprived postcodes in the region would have to travel further than they do at the moment.

Any decision on hospital reorganisation has to undergo public consultation, but I believe that the consultation was biased against St. Helier. Thousands of letters and petitions were ignored, including thousands of views from my own constituents. Despite all that, St. Helier came out on top. Official documents rated St. Helier as the best option—better than Sutton by a factor of more than 7 per cent. If anything, the public were even more enthusiastic about St. Helier than the professionals. More people chose St. Helier than any other site, and even in the Sutton area fewer than 10 per cent. of residents supported the Sutton site.

The results of the consultation appear to me to be comprehensive, yet they have been reversed because Better Healthcare says that the consultation was inconclusive and that it now has new information in any case. Absurdly, it says that because people wanted their hospital to be accessible, their decision in favour of St. Helier was somehow incongruous. Better Healthcare Closer to Home simply cannot accept that the St. Helier choice is accessible because it is in the north of the catchment area, while Sutton is geographically more central. But more people live around St Helier. Two thirds of the people in the catchment area can get there within 20 minutes and everyone can get there within the golden hour. It has the best public transport, and total journey times for patients would be shorter to St. Helier than to any other site. Better Healthcare also claims that the overall impact on the NHS would be better if Sutton were chosen.

I have a great deal to say but I appreciate that I must not go over my allotted time. However, one frustration felt by my constituents is that, although they are the

least likely in the entire catchment area to be healthy, they are not represented on any of the boards that make decisions about our health service. I hope that my hon. Friend the Deputy Leader of the House will take my concerns and views to my right hon. Friend the Secretary of State for Health, so that the matter can be called in for review by the reconfiguration panel. In that way, my local health service can be prevented from squandering money on a plan that people do not want.

6.50 pm

Bob Spink (Castle Point) (Con): I received a letter today stating that the London gateway port development had been approved. That development will have serious consequences for my constituency and I oppose it, on behalf of my constituents, for reasons both national and local. However, in view of the lack of time for debate, I shall speak only about the local reasons tonight.

The development will cause serious disadvantages locally, because it will involve a massive amount of house building, which will cause a loss of green belt in my area that we can ill afford. That house building programme, and the many heavy goods vehicles that will be used, will also have a massive traffic impact in the area—a very serious issue for my constituents and for the people of south Essex.

To facilitate the construction of the port, a very deep and wide channel will have to be dug along the Thames estuary and through my constituency. A total of 32 million cu m of spoil will be removed, and the channel will run right across Canvey Island's sea defences. We must ensure that those defences are not in any way put at risk.

The spoil will be dumped on ground to the west of Canvey Island, and it is inevitable that that massive amount of earth will change ground-water levels locally. Part of my constituency has 40,000 residents but is some 8 ft below sea level, so ground-water levels are a matter of serious concern. Moreover, I have no doubt that that spoil dumping will also cause environmental problems.

I hope that the Deputy Leader of the House will ensure that the Department of Transport makes its policy clear. That policy should include promoting a new Parkway rail station for Canvey Island, and improving the road infrastructure in south Essex generally. Both those initiatives should be undertaken before the development goes forward.

On another topic, "Panorama" this evening will broadcast a report, by a nurse and a journalist, that shows that there is a systemic problem in many hospitals in this country. It reveals that the care of elderly patients is sometimes unacceptable. Vulnerable and frail old people, some of whom are dying, suffer a lack of the tender loving care that they are entitled to expect at that difficult time of their lives. They are denied dignity, and there is little or no concern for their welfare. They are left in great pain and distress, and sometimes they are left hungry. They have nothing to drink, not even something to wet their mouths with, and consequently their mouths are dry and start to develop sores.

The programme also reports that elderly patients have been bullied and abused, which is entirely unacceptable in our health service. I am sure that that problem is not widespread but I guess that the same things happen in other hospitals around the country, in part because elderly people are very vulnerable and not able to speak up for themselves.

We know that hospitals have become less clean over recent years, and that thousands of people die or have limbs amputated as a result. We also know that there is institutionalised abuse of the elderly in some hospitals and residential care homes. The vast majority of nurses who care for those people are dedicated and wonderful, and they deserve our thanks for the work that they do in difficult circumstances. But we must ask why there is a problem with the care of the elderly. Is it a systemic problem that involves training and the supervision and management of nursing care? Does it involve the use of temporary and agency nurses? Is that part of the problem?

Like many MPs, I visit hospitals in my constituency. I did so a week or so ago, and I approached a member of staff sitting at the front desk who simply shrugged at me, indicating that she could not speak English. That did not appear at all satisfactory. I say again that I welcome the care and dedication of the majority of nurses and hospital staff, but we can no longer hide behind political correctness and ignore what is happening to a few vulnerable, elderly patients in hospitals and care homes in the UK. I honestly believe that such behaviour would not have been possible when matrons were running hospitals. Hospitals would not be quite so unclean under matrons as they are now. I ask the Government to instigate a national inquiry into the problems revealed by "Panorama" and consider whether matron would help.

Finally, to turn to foreign affairs, the Turkish invasion and occupation of Cyprus is one of the greatest crimes committed in Europe since world war two. It amounted to ethnic cleansing and some 200,000 people were uprooted, made refugees and displaced from their homes, and they still remain displaced. It is time that the international community stopped its appeasement of Turkey and made it plain to Turkey that it cannot move forward in Europe or the international community until it resolves that difficulty and ends peacefully its improper and illegal occupation of the beautiful island of Cyprus.

6.56 pm

John McDonnell (Hayes and Harlington) (Lab): I shall try to be as brief as possible. I want to raise yet again in the House the threat of the expansion of Heathrow airport to my constituency because things have moved on apace since the last summer Adjournment. I congratulate my colleagues the hon. Members for Uxbridge (Mr. Randall) and for Ruislip-Northwood (Mr. Hurd) on the excellent work that they have done in recent months ingeniously to raise this issue on the Floor of the House as often as they possibly can. The whole community in our area is now raised against the proposals that BAA has published in recent months.

As hon. Members may well know, during the past 15 years at Heathrow airport, we have had a terminal 4 inquiry, at which we were told that that was the full extent of the airport's expansion. We then had a terminal 5 inquiry, at which BAA wrote to other hon. Members, me and my constituents to say that, if it

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received permission for terminal 5, there would be no third runway. In fact, terminal 5 doubled the airport's capacity. Within months, BAA reneged on its commitment and proposed a third runway.

The third runway is now outlined in the master plan that BAA published only months ago. It includes not just a third runway, but a sixth terminal. We will therefore lose villages wholesale. At Sipson village, 700 homes will be completely demolished. Life in the villages of Harmondsworth, Longford, Harlington and Cranford Cross will become unliveable because the air pollution that results from a third runway will go beyond the limits of the European directive on air poisoning.

Let us return to the Government's figures on such developments. The last detailed study was carried out in the early 1990s and put the impact at about 4,000 homes. So 10,000 people in my constituency will be forcibly removed from their community. That is the largest clearance of a population since the Scottish clearances themselves. We face the closure of three primary schools. Whole communities will cease to exist. Community centres, greens, churches, pubs, doctors' surgeries, shops and businesses—a whole community—will be demolished as a result of a search for profits for BAA and the aviation industry.

The Government have set in train a decision-making process, called Project Heathrow, during which a number of research papers will be developed by experts with representatives from the local authorities, BAA and the industry. The project will report in late 2006, when the Government can make their decision. In the meantime, my whole area is blighted, with families who are unable to move because they cannot sell their property, and families who are unable to make decisions on their long-term future. Why? Because BAA wants to maximise its profits.

Last week, BAA announced profits for this year of £500 million—half a billion pounds. I attended BAA's annual general meeting—Friends of the Earth bought me a single share; it has generated 12p this year, which I shall have to declare and return to Friends of the Earth, although I am sure that the organisation will not use it. At the AGM, I asked BAA's directors whether before making any decision they would bring these matters back to shareholders for a decision. The chairman of BAA made a strong recommendation against that resolution, which fell thanks to the proxy votes that he held in his pocket. He went on to award himself a 15 per cent. increase in his salary and an increase in his shareholding. The lessons are, first, that shareholder democracy does not work in this country and, secondly, that BAA is willing to put profits for itself and its directors ahead of the interests of not only my constituents, but the constituents of every MP representing the London borough of Hillingdon and west London.

The Minister should take back to the Secretary of State for Transport, the Prime Minister and the rest of the Cabinet the message that if the Government decide next year that the third runway will go ahead, they will face the biggest environmental battle that this country has ever seen. Not only will there be parliamentary action on the Floor of the House and legislative combat, but I believe that there will be direct action on a scale not seen before in this country or in Europe as a whole, because there is so much anger about the forced migration of so many people.

What has been brought to my attention in recent days about the operation of the airport is deeply worrying. After the London bombings, we have had a number of anxious moments at the Heathrow terminals—there have been several security scares. It is now being reported that there has been a failure to train key staff to deal adequately with security matters. I have written today to the Home Secretary and the Secretary of State for Transport saying that in the light of the London bombings we must review once again the security arrangements at Heathrow, especially the training of staff, so that we can deal properly with the safety and security of not only the travelling public, but my many constituents who work at Heathrow airport.

7.2 pm

Mr. Christopher Fraser (South-West Norfolk) (Con): I congratulate my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) on his eloquent maiden speech. I know that he will make a first-class contribution to the House; he is already becoming a first-class Member of Parliament.

I wish to raise the serious issue of consumer credit and a voluntary code of practice. I draw the attention of the House to the tragic case of my constituent Mark McDonald, who was driven to suicide by debts totalling £65,000 that had been amassed on his credit cards. His wife and friends had no idea of the situation. That is just one tragic example of the many people in Britain today who are getting into serious financial difficulties.

Debt itself is not bad, but unaffordable debt certainly is. Debt that is affordable one year might not be the next if people's employment circumstances change or interest rates change significantly. Eleven per cent. of credit card holders in Britain make only a minimum payment each month and 4 per cent. of British households are regarded as having too much debt. The Consumer Credit Counselling Service revealed last month that 25,000 people rang its helpline for advice in May this year—almost double the number who called in May last year. Steve Wiseman, chief executive of Norwich citizens advice bureau has said:

"The average debt of our clients is £27,000, not including mortgages, but it is certainly not unusual to see debts of £60,000 or more."

I pay tribute to the work of citizens advice bureaux and other debt advice organisations that help many people in my constituency and elsewhere to deal with their financial difficulties.

I welcome the reintroduction of the Consumer Credit Bill, although it is a pity that the Government could not find more time for it in the last Parliament. The last consumer credit legislation was passed 31 years ago. In the intervening period, the credit landscape has changed beyond all recognition, in part as a result of changing lifestyles and attitudes to debate, and in part because of the liberalisation of financial markets, which has allowed a highly dynamic and sophisticated industry to develop.

Only one type of credit card was available in 1971, but today there are more than 1,300. Thirty years ago, £32 million was owed on credit cards, but today the

figure is almost £50 billion. I welcome the Government's announcement that they are setting aside £45 million to provide free advice to people struggling with unmanageable debts. That money will allow debt advice charities to train many advisers to help people in the situation in which my late constituent found himself. Could the Government explain to the House, however, how the money will be allocated and when we can expect it to make a difference? Although it will help to alleviate the problem, we must look at other options to prevent people from ending up in unaffordable debt.

It is important to recognise, as the Select Committee on Treasury has done, that responsible lending is about more than meeting the minimum legal requirements. It is about driving forward best practice and treating customers fairly. A credit card lender should provide short-term debt as part of a convenient service, rather than pushing a form of debt that sucks borrowers into a long-term cycle of indebtedness. There are many ways of reducing the problem of massive debt, not least financial education. In 2002, Melanie Johnson, the then Member for Welwyn Hatfield, who was also a junior Minister at the Department of Trade and Industry, spoke about the importance of financial education:

> "We want to build a generation of empowered consumers who can manage their credit effectively; who understand why it is important for them to master their finances, and how they might achieve that; who can make appropriate decisions about their finances; who understand the choices open to them and their implications."

Three years later, we obviously have not reached that point, so what measures are the Government taking to achieve their aspiration?

Financial education is not helped by the way in which some institutions make credit readily available to young people, particularly those who are starting university, as they are already burdened with the Government's £3,000 tuition fees. Nearly every bank offers a special student account with incentives like free CDs or travel passes for people who open current accounts. Many also offer credit cards, often with high limits. Do the Government agree that offering a credit card to a student, who probably has a limited income, is not the most responsible approach for a lender to take? It is important that lenders assess the ability of the consumer or customer to repay and that that assessment should be based on as complete a picture as possible of their current income and credit commitments as well as their payment history. What evaluation have the Government made of the potential for a certain amount of data sharing between institutions? Mr. McDonald's widow believes that if companies shared information, such tragic cases might be averted.

Unsolicited increases in credit and spending limits should also be questioned. Have the Government assessed the need to make it a requirement that people request an increase in their limit, rather than simply letting that happen as a matter of course. In conclusion, this is clearly an emotive subject. It is easy to blame large corporations for the situation in which borrowers find themselves when they cannot afford the debt that they incur, but personal responsibility must not be forgotten. There is no doubt in my mind that credit can be secured far too easily, sometimes with tragic results. It is incumbent on companies that are in business to make money to ensure that they have ethically and socially responsible policies in place when offering credit. I do not want to prevent people from obtaining credit, but when it is granted I should like to be sure that all the relevant factors have been taken into account, including a realistic appraisal of an individual's circumstances and their ability to pay.

Self-regulation through industry codes may well play an important role in supplementing statutory requirements. What measures will the Government take to encourage the development of codes of practice and adherence to them? The best way in which to tackle these issues is through a code of practice. The banking code, established under the last Conservative Administration, has been particularly successful. Will the Minister assure me that the Government will work with the industry to encourage companies outside the code to join it? I welcome the revised code, which has been in operation since the end of March, and I look forward to discussions about how it can be improved in future.

7.9 pm

Mr. George Mudie (Leeds, East) (Lab): I shall be brief, as I know that other Members want to get in.

I want to place on record a matter that is of growing concern in my constituency—the implementation of the asylum seekers dispersal policy. The dispersal policy made perfect sense when asylum seekers landed in Dover and elsewhere in great numbers. They competed for scarce local resources in a way that helped neither the residents of those areas nor the asylum seekers themselves, so to disperse them around the country made sense. However, the way in which that is being done in Leeds and in my constituency is unfair and insensitive.

Asylum seekers come through one of two courses. They may come through the National Asylum Support Service, in which case they are placed nationally and contracts are bought from the private sector, or they may come through the local council. There are eight constituencies in Leeds. Three of the constituencies seem to be home for the majority of the asylum seekers. My constituency is probably the recipient of the second largest total. NASS has placed contracts with landlords who have bought up the cheapest houses in the city. With the amount they get from NASS, it is sensible for them to find the cheapest housing. They are making a great deal of money, but they have caused havoc in the cheaper end of the housing market and they have caused havoc in the area because of the sheer numbers.

Parallel to that, the city council is taking up council houses in the same area for asylum seekers. In one ward of my city, Harehills and Gipton, an inner-city ward where there is great poverty and deprivation, we have a huge number of asylum seekers. That is causing all sorts of problems. In the past two weeks the Home Office has suspended the arrival of any more, on the advice of the police and the local community, but that will be reviewed in six weeks and I fear the influx will restart.

If we have such large numbers coming from different areas and speaking different languages, consider the problems that that causes for an inner-city primary school and the problems already faced by staff teaching inner-city children, for whom that is their one life chance. There may be nine different languages being spoken, and the teachers, with very few additional

[Mr. George Mudie]

resources from the Department for Education and Skills, struggle to handle the new situation in an inner-city school where they would struggle anyway.

Let us consider medical services. It is a struggle to get doctors to come into the inner city and to get on their list in the inner city. It is difficult to find a doctor who will put new patients on their panel. If the asylum seekers' situation is mishandled, it can cause all sorts of problems.

The Home Office must review the policy. The number of asylum seekers is falling and there is time to review the situation, to think about it and to be more sensitive in placing them. I am in favour of a cap, so that if I take my fair share, which I will cheerfully do, I do not have to take the share of other areas or constituencies which, for one reason or another, do not have premises available for asylum seekers.

Asylum seekers come to the United Kingdom with shattered lives. They are escaping death and civil war, and they want a friendly reception. Yorkshire people will give them a friendly reception. My city will give them a friendly reception, but the dispersal policy must be kept in perspective and needs to be more sensitive. I hope that the Minister will convey that to the Home Office.

7.14 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I want to raise the case of one of my constituents, Mr. Vinchenzo Favata. Last September, he was diagnosed with cancer and his consultant at the Royal Marsden prescribed a drug called Glivec, which has been appraised by the National Institute for Health and Clinical Excellence. The treatment did not begin until November because approval for the funding of the drug from Sutton and Merton primary care trust was delayed.

Three weeks ago, my constituent was scanned and it was found that the tumour had started growing again. The clinician recommended an increase in the dosage of the life-saving drug, which required the primary care trust's panel to make a further decision. The panel met yesterday and did not agree to the extra funding, which has plunged the family into despair and limbo.

Decisions in the NHS are meant to be taken on the grounds of clinical evidence, clinical need and clinical judgment. Despite a clear clinical recommendation, why has my local primary care trust seen fit to deny Mr. Favata an increased dosage of the life-saving drug to fight his cancer? I have been in touch with the primary care trust and the family is appealing the decision, but I raise the matter today in the hope that the Deputy Leader of the House will draw it to the attention of Health Ministers so that they can take action to stop a practice that seems to be the rationing of drugs on the basis of cost alone.

I also want to talk about planning in my constituency. I suspect that the problem of predatory developers affects many hon. Members who represent suburban and urban constituencies. Such developers are out and about in my constituency looking for every last little piece of back-garden land on which they can erect flats. A company called Blazemaster has submitted a planning application to demolish 26 houses in Cheam Common road and Lavender avenue and build 133 flats in their place, thus depositing numerous extra cars on to a road infrastructure that is barely able to cope with the traffic already on it and imposing additional stresses and strains on local services.

Such behaviour cannot be a tolerable way in which to manage the need for additional housing. It is a direct consequence of PPG3, which includes back-garden land in the definition of brownfield land. The daft designation fails to recognise the biodiversity offered by back-garden land and the other contributions that it makes, so I was delighted that my hon. Friend the Member for Solihull (Lorely Burt) advanced the case for re-designating back-garden land when she introduced her ten-minute Bill yesterday. I hope that time will be found to consider the Bill and that it will find favour because it would do a good deal to reassure my constituents and rebuild confidence in the system.

I agreed with much of what the hon. Member for Mitcham and Morden (Siobhain McDonagh) said in her speech. I hope that we will be able to take forward better health care closer to home and make sure that we do not have the new hospital in Sutton, but at St. Helier.

7.17 pm

Mr. Michael Wills (North Swindon) (Lab): I am grateful for the opportunity to talk about important changes that have taken place to the borough council that serves most of my constituency. Over the past eight years, Swindon borough council has failed to deliver the services that the people of Swindon deserve. The council failed between 1997 and 2001, when the Labour party ran it, and it has failed since 2001, which was when the Conservatives took it over. Between 2001 and 2004, the council's overall performance varied between poor and weak. The social services got a zero star rating in 2002, 2003 and 2004.

I think that things went wrong because when Swindon became a unitary authority in 1997, it was left inadequately prepared by the previous Government and never recovered from that bad start. Every day for the past eight years, the consequences of the failures have hurt people who depend on public services. Far from helping people, the council all too often made difficult and stressful situations worse. Today, however, there is clear evidence that the council is beginning to turn itself around. There are new management systems in place. It has capable new directors and a new, highly effective and capable chief executive.

What has happened? National Government have intervened on the local authority. The Department for Education and Skills drove through changes to such an extent that, within two years, Ofsted found that the number of functions performed by the local education authority that were rated as satisfactory or better had increased from 30 per cent. to 85 per cent.

Ministers and officials from the Office of the Deputy Prime Minister have been working closely with the council to transform the delivery of services to residents and supporting it to do so. It has lent Swindon borough council one of its most capable officials, who has years of experience of local government and helping failing local authorities to turn themselves around. She has been working with the council over the past few months

to introduce rigorous accounting systems and to ensure that, at last, it focuses on the recipients of services. The people of Swindon owe a debt of gratitude to Anne-Marie Carre and all the officials in the Office of the Deputy Prime Minister who have done much to help them. Swindon has received extra financial resources from the Government. Not only has grant increased by 30 per cent. since 2001, but one-off additional funding has been provided such as £1 million to build extra capacity in the council, and there is also the possibility of a further £1 million.

None of that would have been possible without the dedication and expertise of the previous Minister with responsibility for local government, my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), whom we thank. It is reassuring that he has been succeeded by my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas), who has already demonstrated his concern that Swindon stays on the right track.

The recovery process has involved a partnership, and I pay tribute to both the ruling group and the Labour group on Swindon borough council for their willingness to embrace the improvement agenda constructively and to work co-operatively with the ODPM. A great deal remains to be done and the situation is by no means perfect, but the council is on the mend.

The partnership that turned around the council has much to contribute to the debate about the division of powers in our democracy, about which we have already heard quite a lot today. When we hear fashionable talk about "localism", the debate is always focused on the benefits of devolving power to the smallest possible political unit, and there are, of course, benefits to that approach. However, "local" can also mean limited and restricted, and localism can work against the equitable distribution of resources throughout the country, a subject about which we have heard a lot this afternoon. In the past, localism has also worked against a cohesive sense of national identity. Such fashionable talk does not contemplate the consequences when localism is not enough and local authorities fail, and it forgets that the least advantaged and the most vulnerable get hurt first and worst when local authorities fail in the same way as Swindon failed.

In my view, the ODPM has helped to turn around the situation in Swindon. Perhaps the defenders of localism would argue that in time the people of Swindon would elect councillors who would turn around the council themselves without such intervention. However, real life does not work like that, and it did not work like that in Swindon. The people of Swindon elected new councillors who had the power and the money to make significant improvements, but, for whatever reason, they did not make them. The people of Swindon elected new representatives over and over again, but none of those representatives was any more able than their predecessors to make the necessary improvements.

Central Government can be sclerotic, slow and clog up the delivery of public services, but central Government can also be good government—a national Government working nationally and locally for the good. The fashionably derided system of targets and inspections quantified Swindon borough council's failures and provided an objective basis for the intervention that is turning round its performance. National Government provide the breadth and depth of expertise that is not always found in one local authority. Swindon's experience demonstrates the benefits of national Government.

I hope that my hon. Friend the Deputy Leader of the House will take my points to the ODPM, because we are very grateful for everything that it has done in Swindon. In partnership with the Labour group and the ruling group on Swindon borough council, the ODPM is about to make a difference for the people of Swindon.

7.22 pm

Mr. Nigel Evans (Ribble Valley) (Con): I am grateful to hon. Members for cutting their speeches, and I will do likewise to ensure that my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) is able to participate.

I congratulate my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) on his tremendous maiden speech. My maiden speech was rubbish. [HON. MEMBERS: "Hear, hear!"] Yes; I know that that is hard to believe. At least this speech will be short, which will improve its quality, but I still wake up in a sweat thinking about my maiden speech.

We are about to go into one of the longest summer recesses ever—I know why—and it would be useful if hon. Members were able to table written questions during that period. I would not expect the answers as quickly as when the House is sitting, but it would be useful.

I want to discuss the reclassification of cannabis. My private Member's Bill, which sadly ran out of time in the previous Parliament, would have set up a commission to examine the reclassification of cannabis. I was told that that could not happen, but the Government have now set up their own inquiry because of the evidence on the long-term psychotic influence of cannabis. Dr. John Henry of St. Mary's hospital has said that just as cigarette smoking has ill effects on the body, so cannabis has similar effects on the mind.

A huge amount of evidence has appeared from a number of quarters since the reclassification of cannabis, so it is right for the Government to re-examine the issue. I have been told that the commission may not report until December, although we had thought that it would do so in the summer. If the Minister can encourage the inquiry to make its recommendations soon, perhaps we can get cannabis put back into class B.

When cannabis was reclassified, the message sent, particularly to young people, was wrong. Believe it or not, 42 per cent. of youngsters at school were offered controlled substances in 2003, 1 per cent. of under-11s have tried cannabis, and one third of people under 15 admit to having tried it, too. Clearly they were sent the wrong message. When the commission reports—and I hope that it will do so as I feel it ought—we should be able to move swiftly to reclassifying cannabis and putting it back into class B.

7.25 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): I want to talk about an issue that will have a catastrophic effect on my constituents and large parts of London, particularly west London—the westward

[Mr. Greg Hands]

extension of the congestion charge scheme. As hon. Members may know, the consultation ended on Friday 15 July, and we will probably hear the results during the summer recess. They may also know that in the first consultation—as with most new Labour schemes, if the right answer does not emerge the first time, the same question is simply put again—63 per cent. of residents and 72 per cent. of business opposed the westward extension.

I believe that the extension of the zone will have an especially bad effect on Hammersmith and Fulham, for the following reasons. First, it will affect our local traffic; this may well happen elsewhere in London too. The north-south routes through our borough are few and poorly served, yet any examination of a map of London shows that almost all the displaced traffic will be sent north-south through Hammersmith and Fulham.

The map shows that there will be a funnel effect if people are charged £8 a day to go through Kensington and Chelsea. Statistically, 100,000 to 120,000 cars a day go from Hammersmith and Fulham into Kensington and Chelsea. Our most congested roads—the north-south routes, including the A219 Fulham Palace road and the Hammersmith gyratory—now take about one third of that traffic. Think about the impact of the displaced traffic on those already congested routes round key junctions such as the Hammersmith gyratory, and key hospitals such as Charing Cross hospital.

It stands to reason that if people have to pay £8 to go over Battersea bridge, the Albert bridge, Chelsea bridge or Vauxhall bridge, they will probably try to avoid that and pop further up the river to cross Wandsworth or Putney bridge.

For most of my constituents, it seems that it is no longer possible to be born in the constituency. Fulham's district general hospital is the Chelsea and Westminster, so for the first time a birth tax has been created—by Ken Livingstone and the Greater London authority. People will have to pay £8 to go there to give birth. Indeed, it is most unlikely that the fee will be £8; it is more likely to be an £80 penalty charge the next day, when people discover that they have forgotten to pay. There will also be a terrible effect on some of our local schools, and on businesses just outside the zone, such as Earls Court Olympia, Chelsea football club and the BBC in Shepherds Bush.

It is hardly as if our public transport could take much more of those displaced journeys. The Wimbledon branch of the District line is already operating at 92 per cent. capacity—one of the highest rates for any tube line in London. Tomorrow, the 14 and 22 bus routes will be downgraded from Routemasters to regular Volvo buses.

The consultation has been a complete fiasco. Of the 14 questions put to residents, only one—question No. 2—asks their opinion on the congestion charge extension. The scheme deserves to be defeated, and I hope that the London Mayor will finally start listening to the Government, who should be putting pressure on him to listen to local residents and other stakeholders and reject the scheme.

7.29 pm

Chris Grayling (Epsom and Ewell) (Con): I shall be brief, to allow the Minister the chance to respond to as many comments as possible.

I pay tribute to my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara), who made an eloquent speech. We envy him his constituency, which he described with great eloquence and which is clearly a wonderful place to represent. We admire his constituents, but perhaps we do not have the same sense of envy about the fact that he has three former Members of Parliament to deal with. I also admire him for his achievement in being the first Gujarati Member of this House. I hope very much that he will not be the last. My party is committed to increasing ethnic minority representation here, and we fielded more candidates than any other party at the general election from the ethnic minorities. Sadly, not enough of them were elected, but we will deal with that in future.

The debate has been wide ranging but has shown how much commonality there is in the issues that we face in different constituencies. We heard about water supply issues in Somerton and Frome and the water supply issues created in Castle Point by development problems. We heard about unmanned railway stations in south-west London, specifically Lewisham, and in Sevenoaks. That is certainly something with which I can identify as I see the spread of antisocial behaviour in my own area. Members talked with pride of their constituencies: the hon. Member for Houghton and Washington, East (Mr. Kemp) spoke of the growth of Sunderland and the role that Nissan has played; Nissan is to be admired for what it has achieved in this country, and I hope that the hon. Gentleman will remember that it was the last Conservative Government who brought Nissan here.

We have heard about individual cases from my hon. Friend the Member for Southend, West (Mr. Amess), whom I congratulate on the footballing successes that he described. We heard about individual issues from my hon. Friend the Member for South-West Norfolk (Mr. Fraser), who talked about the great difficulty of the impact of debt on individuals, and from the hon. Member for Sutton and Cheam (Mr. Burstow), who talked about the shortcomings that we all know exist in the front line of the national health service.

We heard about issues that affect probably every constituency, such as the pressures of development, not simply as described by my hon. Friend the Member for Castle Point (Bob Spink), but in the problems in west London to do with the future of Heathrow airport. We heard from the hon. Member for Leeds, East (Mr. Mudie) about the reverse of that problem—areas that have housing stock available being perhaps excessively used for the dispersal of asylum seekers. We heard also about the problems being caused in back-land development from the hon. Member for Sutton and Cheam, with which I can identify just down the road in my constituency. I share, too, the concerns of my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) about the congestion charge. The Mayor of London should proceed with that change with great caution.

We heard, too, about important national and international issues, including nuclear proliferation, on which it is essential for the whole world that matters are got right for the future. The points of my hon. Friend the Member for Ribble Valley (Mr. Evans) about cannabis were very well made.

I am sure that the hon. Member for Mitcham and Morden (Siobhain McDonagh) will not be surprised that I have saved her comments for last. I represent the other half of what I must emphasise is the Epsom and St. Helier—not the St. Helier and Epsom—NHS trust. I do not envy any NHS employee faced with the task of hospital reconfiguration. They can never win, and they can never please everyone. The House will not be surprised to learn that I could set out in detail equal to the hon. Lady's the reasons why she is wrong, why Epsom has better transport links and how, if there is no accident and emergency department in Epsom, there will be 150,000 people in Surrey without an A and E department within five miles of their homes, while in the north of the area there are three other major acute hospitals close by.

May I say to the Minister and the hon. Lady that the siting of the hospital in this project is, in many ways, not the key point? The key is whether the project is viable in the first place. I have two huge concerns that should be common to the hon. Lady, the hon. Member for Sutton and Cheam, myself and other affected Members. First, the national health service is putting forward a scheme that, by its own admission, replaces one unaffordable model of care with another. We have not yet been given evidence by the national health service that it is delivering a package—an expensive private finance initiative scheme—that will not ultimately lead to cuts in community-based services as the NHS seeks to pay the mortgage.

The other point is that we have yet to get a clear explanation of how the NHS can afford to reduce the number of acute beds in our area by one third. Until I hear answers to those two questions, I remain unpersuaded that this scheme is viable. I hope that in passing on comments from the hon. Lady and the hon. Member for Sutton and Cheam, the Minister will bear my thoughts in mind as well.

This has been a good and wide-ranging debate, and we look forward to hearing from the Minister. I wish all Members of the House and you, Mr. Deputy Speaker, a very pleasant recess.

7.34 pm

The Deputy Leader of the House of Commons (Nigel Griffiths): This has been a very well informed debate. I am pleased that hon. Members curtailed their comments to allow 18 Members to contribute. Of course, the debate was necessarily cut short by the sad death of Sir Edward Heath, but none the less many issues were raised, and I will try to deal with as many of them as I can.

My hon. Friend the Member for Houghton and Washington, East (Mr. Kemp) will welcome, as I do, the publication on Monday of the youth Green Paper. It is important that we applaud what young people do, as too often we are quick to criticise the tiny minority who need more care and attention. I will ensure that the Home Secretary is aware of his comments about Wearside Women in Need.

The hon. Member for Somerton and Frome (Mr. Heath) talked about a hospital in his area. If I was in his position, I would share his worry that, despite the vast increase in the capital budget and the dozens of new hospitals built and substantial hospital repairs that have taken place, his area has been left behind. I will ensure that my right hon. Friend the Secretary of State for Health is aware of that. Equally, I will ensure that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is aware of his points about water and the A303.

My long-term friend and distinguished colleague, my right hon. Friend the Member for Edinburgh, East (Dr. Strang), raised an issue that he has championed throughout his political life. I will ensure that my colleagues at the Foreign and Commonwealth Office take heed of his concerns and respond accordingly.

The hon. Member for Sevenoaks (Mr. Fallon) raised several matters. I would say to him, in a spirit of good will, that I have the *Hansard* of the exchange with my right hon. Friend the Leader of the House, and I think that the hon. Gentleman may have done him a disservice, as I am not sure that he gave such a commitment. I know that the hon. Gentleman will look at that. I suggest that he write to the Office of the Deputy Prime Minister about when the planning legislation review as regards Travellers is likely to be published, because that is a matter of concern for many Members on both sides of the House.

My hon. Friend the Member for Lewisham, West (Jim Dowd) talked about an issue that was raised by the hon. Member for Sevenoaks—the lack of staffing in railway stations and the problems that that poses.

The hon. Member for North-West Cambridgeshire (Mr. Vara) gave an excellent maiden speech, as others have said. His family must be very proud of him. I am sure that breast cancer and, in future, other causes have found an eloquent advocate.

My hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) talked about newspaper distribution in supermarkets. I know that he has taken that up assiduously with my right hon. Friends at their respective Departments.

The hon. Member for Southend, West (Mr. Amess) gets the prize for raising the most issues—six or seven. I know that he will forgive me if I do not cover them all, but I am happy to ensure that he is written to. On the case of the Briton detained abroad, my right hon. Friend the Foreign Secretary, Foreign Office officials and the ambassador raise that at every conceivable opportunity, and they will note his comments.

The hon. Gentleman raised other important matters such as the programme, "Drunk and Dangerous", and questioned why local licensing committees are granting licenses in such circumstances. I share his concerns, as will the whole House. We give powers to local licensing committees and we expect them to take the advice of local police and other authorities. We want firm action to be taken because drunkenness is one of the most serious problems in society. There is no quick fix but it puts tremendous pressure on our health and other services.

[Nigel Griffiths]

My hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) raised an issue about which there are clearly diverging views. I know that my right hon. Friend the Secretary of State for Health will want to study those views and representations carefully. However, it is for the primary care trust to make a decision and weigh up the evidence. I know from my hon. Friend's reputation that she will have piled up the evidence and made a good case. I am sure that the shadow Leader of the House will also make a forceful case.

The hon. Member for Castle Point (Bob Spink) raised an issue that several hon. Members mentioned: the threat to the green belt. He also referred to the plight of elderly patients in the health service and joined other hon. Members in praising almost all health service workers. Of course, the Government take seriously any concerns such as those that he highlighted. His comments on Cyprus represent his point of view. There are strong views on both sides of the argument.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) mentioned Heathrow. My hon. Friend the Member for Leeds, East (Mr. Mudie) referred to asylum. Clearly, those issues are important.

If hon. Members will forgive me as we approach the last minute, I shall write to other hon. Members and ensure that their concerns are raised.

I join my hon. Friend the Member for Lewisham, West in praising the work of Iain Hepplewhite as a Department of Trade and Industry press officer, with whom I worked. He served both Governments well. Our thoughts are with him and his parents.

It being two hours after the commencement of proceedings, the motion for the Adjournment of the House lapsed, pursuant to Order [19 July].

COMMITTEES

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, I shall put motions 13, 14, 15 and 16 together.

Ordered,

FINANCE AND SERVICES

That Mr John Randall be discharged from the Finance and Services Committee and Mr Eric Forth and Robert Key be added.

WELSH AFFAIRS

That Hywel Williams be added to the Welsh Affairs Committee.

PUBLIC ACCOUNTS

That John Healey be added to the Committee of Public Accounts.

ENVIRONMENTAL AUDIT

That Mr Elliot Morley be added to the Environmental Audit Committee.—*[Mr. Bob Ainsworth, on behalf of the Committee of Selection.]*

PETITIONS

Oxford-Bicester Rail Services

7.42 pm

Tony Baldry (Banbury) (Con): I wish to present a petition on the Oxford-Bicester rail services, which is signed by some 500 of my constituents.

The petition states:

The petition of the people of Bicester and the surrounding areas

Declares their opposition to the Strategic Rail Authority's announcement that the Oxford-Bicester rail service will have trains that will run only twice daily from 2006;

That the Bicester area will double in size under Government housing plans but Bicester Town station will not have a train after 16.00;

That that undermines the Government's proposal to develop sustainable communities, outlined by the Office of the Deputy Prime Minister as,

"transport facilities, including public transport, that help people travel within and between communities and reduce dependence on cars",

and community rail development, outlined by the Department for Transport as,

"putting local and rural railways on a sustainable basis for the long term, so that they can continue to offer a vital service for passengers and freight and contribute more to the local economy as well as meeting Government targets on accessibility, the environment and social inclusion";

That before the general election, the Government were discussing an east-west rail link to connect Oxford to Milton Keynes by increasing services at Bicester and surrounding villages, only for the new franchise to move Bicester back rather than forward in terms of service levels.

The Petitioners therefore request that the House of Commons urge the Department for Transport to honour its clear commitment to sustainable communities and community rail development by reviewing the franchise and implementing a full timetable and range of facilities at Bicester Town station.

And the Petitioners remain etc.

To lie upon the Table.

Telecommunications Mast

7.44 pm

Mr. David Amess (Southend, West) (Con): I have the honour to present a petition on behalf of a great number of local residents in Chalkwell ward who are very concerned about the health effects of telecommunications masts, particularly their link to causing brain tumours.

The Petition of residents of Chalkwell Avenue, Westcliffe-on-Sea and others:

Declare that the Petitioners oppose Application SOS/04/01758/TEL for the erection of a T-Mobile telecommunications mast at the junction of The Ridgeway and 93, Chalkwell Avenue. The Petitioners further declare that they are united in protest against the Application and that they will exercise all of their rights to that end.

The Petitioners therefore request that the House of Commons urge the Deputy Prime Minister to reject Application SOS/04/01758/TEL for the erection of a T-Mobile telecommunications mast at the junction of The Ridgeway and 93, Chalkwell Avenue.

And the Petitioners remain, etc.

To lie upon the Table.

Langley Estate

7.45 pm

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): This petition is from the tenants and residents of the Langley estate in Middleton in my constituency, an estate that you will know well, Mr. Deputy Speaker, being a predecessor of mine. It used to be run as an overspill estate by Manchester city council, and it is now managed by the Bowlee Park housing association. The petition has been signed by more than 1,000 tenants and residents from the Langley estate.

The estate is the subject of a £30 million investment by the Bowlee Park housing association and is a housing market renewal investment project. Environmental improvements including fencing and boundary walls have been started. However, there seems to be a shortfall in funding to enable completion to take place. This is a once-only opportunity to create a sustainable quality of life for the local residents and the petition seeks the support of the Government to enable this to happen.

The petitioners therefore request that the House of Commons legislate to ensure that local and central Government ensure that funds are in place to complete the project for all the properties in the area.

And the petitioners remain, etc.

To lie upon the Table.

Dunstable College

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Bob Ainsworth.]*

7.46 pm

Andrew Selous (South-West Bedfordshire) (Con): It might be helpful to the House if I briefly outline some of the facts about Dunstable college. It started off training workers in the printing industry. It should now more properly be called South Bedfordshire college, because although it is based in Dunstable it serves all the residents of south Bedfordshire, and notably of Leighton Buzzard, the largest town in my constituency, where the college has a learning shop. A large number of courses are also run on the Kingsland campus in Houghton Regis and the college also functions on its main site in Dunstable. It is particularly important to note that many of the college's students travel considerable distances to get to it from places throughout south Bedfordshire and a long way into mid-Bedfordshire. All this means that the college's continued well-being is vital to the future of our area.

I should like to run through a few statistics. The college reduced its adult provision in 2002–03, in agreement with Bedfordshire and Luton learning and skills council. Since then, it has met its targets every year and received support for its plans at every stage from the local LSC. College provision has been completely reviewed and the college has not asked to grow adult provision. It has replaced non-priority adult provision systematically to target priority areas.

The college is also a sub-regional trade union studies centre. It has only 18 per cent. of its provision categorised as "other", and it has grown its 16-to-19 numbers year on year from 2001–02. It has rebalanced its provision in the way in which the Government wanted it to do. The college has played the game and done exactly what the local LSC asked it to do, in accordance with the Government's agenda, over the past few years.

The Minister's surname is Hope, and that is what the students of Dunstable college are looking for tonight, because I have to tell him that all is not well with the college. This year, out of the blue, its budget has been cut by £833,000. That figure is made up as follows: for 19-plus students, there will be a cut of £533,000; for additional learning support, a cut of £73,000; the ethnic minority student achievement grant will be cut by £33,000; the learner support fund will be cut by £22,000; work-based learning will have £150,000 taken off its budget; and the local intervention and development fund will have a £22,000 reduction. That adds up to a total cut of £833,000, which is a 10 per cent. cut in funding out of a total budget of some £8 million or so. That came as a complete surprise—as I have said, the local learning and skills council had fully backed the direction of the college at every stage since 2003.

What do those cuts mean? The college will educate 1,000 fewer learners locally, 25 college staff are losing their jobs—most of which are full-time—and a further 15 staff have received "at risk of redundancy" notices. All of that is in an area in which the Government plan to add an extra 43,000 homes, as part of the Milton Keynes and south midlands sustainable communities

[Andrew Selous]

plan, with which the Minister will be familiar from his previous incarnation as a Minister in the Office of the Deputy Prime Minister.

Although Dunstable is particularly badly hit, it is not alone. As the Minister will know, there will be a cut of 200,000 adult education places across the country, including courses in basic skills to improve poor adult literacy and numeracy, which cost us some £10 billion a year nationally. The sector also faces some 4,000 to 5,000 redundancies. Dr. John Brennan, the Association of College' chief executive, a man not usually prone to strong language, has said that the Government are presiding over a "funding shambles" with 2006–07 to be worse still—a further disaster waiting to happen.

How could this be avoided? The Government have set up the biggest quango in Europe in the form of the Learning and Skills Council, which has a budget of £330 million to administer adult education. The Further Education Funding Council used to do that job for a £15 million budget. With a growing budget, it should be possible to expand 16 to 19 provision, which the Government properly want to do, and which the Opposition recognise as a valid and important objective. That should be possible, however, without cutting adult provision. It should not be a case of either/or where the overall budget is growing.

Nor is the Government's national approach sensitive to the differing needs of local communities, such as in my constituency of South-West Bedfordshire. Many older workers, from the BTR and Trico factories that have closed down recently in Dunstable, from the Lancer Boss and Courtaulds factories in Leighton Buzzard, or from the WOM International factory that closed down in Leighton Buzzard in the past couple of weeks, need to re-skill to get back into the workplace. The cuts in adult provision will make that very much more difficult.

The Government say that colleges can make up those cuts to their budgets by collecting fees. That simply will not wash. Chris Vesey, the outstandingly good principal of Dunstable college, whom south Bedfordshire is very lucky to have, said in an e-mail to me on this point:

"Dunstable college has progressively increased fees to adult part time students over the last 2 years. We noticed a reduction in enrolments as a result and have closed what we would have called 'leisure courses' as non viable. These included watercolour painting, photography and flower arranging. These courses were replaced by plumbing, electrical installation and ESOL"—

English as a second language. She continued:

"In an agreement with other Bedfordshire colleges we have introduced a fee of £120 per year for our 19 plus students on full time courses",

with effect from September 2005,

"in addition to the materials fee that they already pay which varies from £25 to £120 depending on the course . . . The total that I could collect will not make much of an impression on the funding cut as it is a small amount compared to the actual costs of delivery."

I therefore hope that the Minister will not say that the answer to the college's funding crisis is for it to raise more fees.

The Government have increased funding for the sector, but have not always done so in a way that achieves the greatest value for money. I am sure that the Minister will come to realise, as just about everyone in the sector has, that unintended consequences are involved in the policy priorities on which he and his colleagues have embarked. I ask him to be as reasonable as he can, and consider whether those really were the intended consequences of the national policy that he set out. I sent questions to the Minister's private office in advance, and I should be grateful if he answered them.

What work did the Department undertake, or what work is it undertaking, to keep FE staff who have been made redundant? We know that there is a shortage of FE staff nationally in key courses. Those people are a vital national asset. Is the Department really content for the national total of between 4,000 and 5,000, 25 of whom are at Dunstable college, to leave the education sector altogether? What work is being done to get them into the 16 to 18 sector on which the Government want to concentrate?

Will the Minister tell me, please, what risk assessment was carried out to ensure that the FE sector was not seriously damaged by short notice major cuts in college priorities? It is worth pointing out that the LSC's letter sent to colleges in November 2004, followed up by a circular in January 2005, made it clear that the cuts would not happen. They are very recent news for colleges, and it is the shortness of the period within which they must adjust to the cuts that has caused such huge difficulties.

Has the Department undertaken any research into the ability and willingness of employers and individuals to pay higher fees for their courses? I understand from correspondence with the Minister and his colleagues that the Department is arguing on those lines, but—as I made clear in quoting the college principal's words—that is not an option for us in south Bedfordshire. Can the Department guarantee that all extra demand for 16 to 18-year-olds in colleges will be fully funded? Can it confirm that there will be a reduction in funding for apprenticeships for those who will be over 19 in 2005–06? That issue is particularly close to my heart.

How was the process used to assure equity of access to 19-plus courses for those living in various parts of the country? I fear that there will be a lottery of provision across the country because of the uneven way in which the cuts are falling. Not all colleges are in the position of Dunstable college; some are fortunate enough to have received a budget increase this year. Finally, what process was used to consider whether 19-plus provision was in the priority areas—specialist, or of value to the local economic environment?

I shall end my speech before my allocated time runs out, in the hope that the Minister may be generous enough to let me intervene on those specific points. There are many very worried staff at Dunstable college. Our area has taken some big knocks industrially over the years. We are the focus of Government attention in terms of massive housing growth and, as I said earlier, I believe that these are unintended consequences of the Minister's policy. I hope that this debate will provide an opportunity for the position to be reconsidered, so that we can give some hope back to the college.

7.58 pm

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): I congratulate the hon. Member for South-West Bedfordshire (Andrew Selous)

on securing such an important debate. I should like to do what he did. He put his concerns about Dunstable college in the wider context of Government policy, and I shall try to deal with the questions that he raised.

I think we can all agree that in the 21st century it matters more than ever for education to be able to transform the lives of children and adults, whatever their background and wherever they live, and for the state to have a responsibility for providing and paying for high-quality initial education and training for young people. Most people would agree on that, and we are committed to providing it. That means providing a place in school or in college, or an apprenticeship, for every young person. For adults, the performance and success of the learning and skills sector is critical, because of its strong links with the economy and because of the Government's wider agenda. We need a strong economy if we are to make progress on the Government's health, welfare and social reform priorities.

We want to ensure that suitable learning and training opportunities continue to be available to, and accessible to, individuals. As we set out in our skills White Paper, we want all adults to have the opportunity to develop a foundation of basic and work skills, so that they can become more employable and adaptable to the rapidly changing needs of the workplace. The Government recognise the huge importance of the post-16 education and skills sector in realising that ambition.

Andrew Selous *rose—*

Phil Hope: I will address the issues that the hon. Gentleman raised, but if he will forgive me I shall spend a few moments trying first to establish the context and background. I will give way shortly if I am not covering the issues quickly enough.

So we are investing more money in the sector than ever before, and in 2005–06 it will receive no less than £10 billion. Investment in FE colleges has increased significantly. In the three years to 2005–06, total funding for the FE sector alone has risen by £1 billion—a 25 per cent. cash increase. This year, seven out of 10 colleges will receive an above-inflation budget increase; indeed, almost half will receive an increase of more than 5 per cent. I shall deal with Dunstable college's situation in a moment.

The 2005 Budget also included an additional £350 million-worth of capital investment for the period 2008–09 to 2009–10, in order to support the longer-term transformation of the FE estate. Over the next five years, Government capital investment in FE will total £1 5 billion—up from nothing in 1997. I am pleased to say that our investment so far has paid off. Some 862,000 adults have achieved literacy, numeracy and language qualifications since 2001, surpassing the 2004 public service agreement target. Overall success rates have increased from 65 per cent. in 2001–02 to 71 per cent. in 2003–04. Some 670,000 more adults a year participate in FE than participated in 1997. So far, 21,000 employers—and 164,000 employees—have benefited from the employer training pilots, gaining the skills and qualifications that they need to improve their overall productivity and competitiveness.

Andrew Selous *rose—*

Phil Hope: Despite that, there is an issue that we have to address, but, first, I give way to the hon. Gentleman.

Andrew Selous: For the 25 staff of Dunstable college sitting at home tonight, the global increases in the FE sector are very welcome, but the Minister will doubtless realise that what they want to know is why £833,000 has been taken from the college's budget.

Phil Hope: As I said, I want to give the general context before getting down to the specifics of Dunstable college.

Despite these significant sums, the public purse cannot meet the demand for all learning. I am always pleased when Conservative Members of Parliament come to the House to ask for more money for their area. I find it slightly difficult to reconcile that with the platform on which they stood at the election—one that involved cutting public spending by £30 billion and abolishing the union learning representatives scheme, which provides many opportunities for people in the workplace to gain adult basic skills. I understand that the hon. Gentleman is standing up for his constituency and he is right to do so, but as I said, I have to reconcile that with the platform on which his party stood at the election.

Andrew Selous: I am slightly disappointed with the Minister's tone. I have not come here for party political knockabout. If he thinks back seriously to the election, he will remember that my party pledged to match every single penny that his party pledged to the education sector.

Phil Hope: Adjournment debates are not the time for party political knockabout, which is why I want to deal with the issues specific to Dunstable college. But it is worth reminding the House of the background to the situation with which we are now dealing.

The Government cannot and should not fund all the skills investment needed to sustain a competitive economy. Public money is always finite and it must benefit those who need it most, even if that means that some will have to pay more toward the cost of their learning. However, we do not want to lose courses that people value and enjoy, so finding a new balance of responsibilities between the Government—the taxpayer—employers and individual learners is crucial. That will require cultural changes and, I have to say, a fundamental shift in expectations and practice about who pays for what.

Only one in 10 colleges will have received an overall reduction to the budget, although for other colleges, the increases and allocations may not have been quite as high as expected or wanted. The Government and the Learning and Skills Council acknowledge that difficult decisions have to be made. There are many reasons why an individual college should find itself among the one in 10 with reduced budgets for 2005–06. Primarily, it is a combination of whether the focus lay outside Government priority areas in the past and historical underperformance.

[Phil Hope]

The hon. Gentleman asked about the timing and how much notice was given of the change that the sector is undergoing. Our skills strategy, published in 2003, set out our priorities. They were clearly repeated and published again by the LSC in December 2004 and repeated in January 2005. As a result, 16-to-18 learner numbers are expected to increase by 3 per cent.—an additional 18,000 young people in further education next year. That is good news, because participation at the age of 17 at the moment puts us fifth from bottom of the Organisation for Economic Co-operation and Development league table. We have a target to get that up to 90 per cent. over the next decade—a big ambition that we will achieve only if we invest in 16-to-18 education. That also means that colleges with a significant focus on adult education are more likely to have received reduced allocations than those with higher numbers of 16 to 18-year-olds—all the more so where existing adult provision is not already aligned with Government priorities.

In the case of Dunstable college, that combination of circumstances is exactly what has happened. In comparison with other colleges in the area, the college had a particularly low number of 16 to 18-year-old learners, while having a particularly large number of adult learners. That, together with factors linked to course mix for both age groups, resulted in the college's budget for 2005–06 being reduced by £150,000 in comparison with 2004–05—a 2 per cent. reduction.

I am aware that the local learning and skills council considered the impact that the funding allocations might have on certain institutions. Local offices reviewed those initial allocations and reallocated funds, where they believed either that priority provision could be better served or where a college would be unduly disadvantaged. As a result, Dunstable college received an additional £233,000 through that process. I might add that the college has historically experienced financial difficulties, which the learning and skills council has been working with the college to address. Financial support in the past has been considerable. In May 2003, the college received £1.8 million of "exceptional support" from the local LSC.

I also understand that the current budget proposals that the hon. Gentleman has spoken about tonight are part of a wider review, which many colleges such as Dunstable are undertaking to look further into areas of financial viability and see how they can be made more efficient. I know, too, that there has been discussion between the college, the hon. Gentleman and the LSC about the perceived unfair treatment of both the college and the region in terms of adult budgets, but I am confident that the LSC has consistently applied the same funding criteria to all colleges in Bedfordshire and Luton—and, indeed, to those in the east of England. I can assure the hon. Gentleman that Bedfordshire has not been required to show a greater reduction in adult activity than other areas in the region. Any apparent variation between local offices is due to the differing ratios of 16 to18 adult activity and the extent of 16-to-18 growth.

Andrew Selous: I am grateful to the Minister for giving way generously again. The college has no quibble over the application of the formula by the Learning and Skills Council other than the fact that the Department directed it to do so. I have no doubt that the Government's own criteria were applied fairly, as instructed. The fact remains that that is pretty cold comfort to a college that has had an £833,000 cut in its budget, even though it did exactly what the LSC asked it to do all the way through from 2003, including significant growth in its 16-to-18 provision. I do not feel that the Minister has yet dealt with those issues.

Phil Hope: I do not want to remind the hon. Gentleman, but in 2003 the college received £1.8 million in exceptional funding to deal with the financial difficulties that it had experienced historically. When the formula operated and the priorities were applied, it was recognised that there would be an impact on the college. As a result, this year it received £233,000 more than the formula would have allocated to it. The overall reduction in the college's budget is £150,000, or 2 per cent. I accept that that is a reduction, but it shows that efforts have been made at a local level to understand the situation.

Andrew Selous: I appreciate that the Minister is a very busy man, responsible for every college in the country. I do not expect him to know the figures in detail, but I wonder whether the officials who have briefed him for this debate realise that the college faces a total net cut of £833,000. I do not see a recognition of that in the numbers that the Minister has quoted.

Phil Hope: This is a matter for discussion and negotiation at a local level with the LSC—which the hon. Gentleman's party would have abolished, of course. The figures that I have given were provided by the LSC, and they show the college's real position. The college and the LSC have made real and positive efforts to ameliorate the college's difficulties in this matter.

I have emphasised that the Government do not want courses that people value to close, whether they are used by individuals or employers. It is right that the Government should focus resources, and that is why our funding contribution to the basic cost of courses outside the priority areas has been reduced. The amount that the taxpayer provides for those courses has been cut from 75 per cent. of the costs to 72.5 per cent. The changes in funding are not merely technical matters; they are the first step in a necessary change of culture and expectations, in which the value of learning, and the benefits that it brings to learners and employers, is properly recognised as a worthwhile and necessary investment.

Colleges around the country have chosen to waive more than £100 million, at their own discretion, so that they can offer free or reduced-cost provision. I understand that Dunstable college's uncollected fees amounted to around £500,000 in 2003–04. Some colleges face a transitional period in this respect, but others are managing well. For example, I understand that nearby Barnfield college generates nearly £1.5 million a year from frees.

I recognise that waiving fees may help raise participation, but in time a decision not to collect potential income must impact on both quality and

financial stability. There is therefore a strong case that those fees must be collected. We recognise that colleges need support in that, and we are committed to working with the sector to that end. For example, we have a good practice guide on fee income to assist colleges to collect fees.

Earlier, the hon. Member for South-West Bedfordshire quoted the AOC. I should like to refer to a briefing from the National Institute for Adult and Continuing Education. The briefing stated:

"NIACE is not against higher fees for those who can afford them. We believe that a high-fee, high-volume adult learning market, with generous concessions for the poor as of right, will result in more and different opportunities for adult learners than lower volumes in a low-fee economy. We believe that colleges which, in the past, have waived fees because there was little incentive to change, should begin a migration towards the sort of levels found in many local authority adult education services."

That shows that there is support for the transition outside the Government.

Andrew Selous: Again, I am most grateful to the Minister for giving way. I want to press him again specifically on fees. Is he seriously saying that he believes that Dunstable college can raise an extra £500,000 in fees from its current student population? I am assured by the principal that that is not possible.

Phil Hope: I was pointing out that this is a matter for the college, the principal, the governing body, the LSC and the hon. Gentleman, as the local the Member of Parliament, to discuss and debate. If a college chooses not to collect fees, that choice has consequences. I understand that colleges make those choices, but they must live with those consequences. Other colleges charge and collect fees, rather than choosing to waive them, and therefore have that income at their disposal.

I want to try to deal with one or two of the hon. Gentleman's other questions before we close, as time is now very short. I think that one of his questions was about demand for 16 to 19-year-olds being fully funded. The Learning and Skills Act 2000 provides the guarantee that all 16 to 18-year-olds have an entitlement to education or training. So we have ensured that places are available in school sixth forms, at further education or sixth form colleges, or on apprenticeships as a top priority, and that the funding to do so has been made available to the LSC.

The LSC has been equally clear in its guidance to local LSCs that funding for young people is a priority and that budgets should reflect that. The reality is that most colleges receive significant increases in their 16-to-18 budgets. An extra 10.3 per cent. or £240 million has been provided nationally for that group of learners. I realise that time has caught up with us and that I will not able to answer all the questions that the hon. Gentleman asked—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned accordingly at sixteen minutes past Eight o'clock.

Deferred Division

ACCESS TO JUSTICE

That the Revised Funding Code prepared by the Legal Services Commission, a copy of which was laid before this House on 27 June, be approved.

The House divided: Ayes 224, Noes 184.

Division No. 46]

AYES

Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, Ed
Banks, Gordon
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blair, rh Mr. Tony
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cooper, Yvette
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Tony
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew

Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Purchase, Mr. Ken
Purnell, James
Riordan, Mrs. Linda
Robertson, John
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheridan, Jim
Simpson, Alan
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Tipping, Paddy
Touhig, Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Dr. Tony
Wyatt, Derek

NOES

Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, Mr. Gregory
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mr. Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Malins, Mr. Humfrey
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Opik, Lembit
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Question accordingly agreed to.

House of Commons

Thursday 21 July 2005

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

STANDING ORDERS

Ordered,

That the Amendments to Standing Orders set out in the Schedule be made:—

SCHEDULE

Standing Order 188B is hereby repealed.

New Standing Order 188B

Revival of bills

188B.—(1) Paragraphs (2) and (3) apply where—

(a) this House resolves that the promoters of a bill which—

(i) originated in this House in an earlier session of this Parliament or in the last Parliament; and

(ii) had not received the Royal Assent,

should have leave to proceed with the bill in the current session; and

(b) the House of Lords concur with the resolution, or have previously passed a resolution to the like effect as the resolution of this House.

(2) The petition for the bill shall be deemed to have been deposited and all Standing Orders applicable to it shall be deemed to have been complied with.

(3) The bill shall be deposited in the Private Bill Office not later than the fifth day on which the House sits after the passing of the resolution of this House, or (as applicable) the concurrence of the House of Lords, and a declaration, signed by the agent, shall be annexed to the bill stating that it is the same in every respect as the bill at the last stage of the proceedings on it in this House in the last session or the last Parliament or, as the case may be, the bill passed by this House.

(4) Paragraph (5) applies where—

(a) this House resolves that the promoters of a bill which—

(i) originated in the House of Lords in an earlier session of this Parliament or in the last Parliament; and

(ii) had not received the Royal Assent,

should have leave to proceed with the bill in the current session; and

(b) the House of Lords subsequently pass a resolution to the like effect as the resolution of this House.

(5) If the bill is brought from the House of Lords in the current session, the agent for the bill shall deposit in the Private Bill Office a declaration, signed by the agent, stating that the bill is the same in every respect as the bill which was brought from the Lords in the last session or the last Parliament.

(6) The following provisions of this Order apply in either case.

(7) The bill shall be deemed to have passed through every stage through which it has passed in the last session or last Parliament, and shall be recorded in the Journal of the House as having passed those stages, and no new fees shall be charged to those stages.

(8) If there is any petition outstanding—

(a) any such petition which has been presented (if not withdrawn) shall stand referred to any committee on the bill in the current session;

(b) any minutes of evidence taken before a committee on the bill in the last session or last Parliament shall stand referred to any committee on the bill in the current session;

(c) no petitioners shall be heard before any committee on the bill in the current session unless their petition has been presented within the time stipulated for the deposit of petitions in the last session or last Parliament or deposited pursuant to Standing Order 126(b);

(d) Standing Order 127 shall have effect as if the words "under Standing Order 126 (Reference to committee of petitions against bill)" were omitted.

(9) In this Order "current session" means the session of Parliament in which the resolution of this House is passed and "this Parliament" means the Parliament in which the resolution of this House is passed; "the last Parliament" and "the last session" shall be construed accordingly.'.—*[The Chairman of Ways and Means.]*

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Electricity Supplies

1. **James Duddridge** (Rochford and Southend, East) (Con): What advice he has had from Ofgem on the security of electricity supplies. [13802]

The Secretary of State for Trade and Industry (Alan Johnson): The Department is in regular contact with Ofgem. My hon. Friend the Minister for Energy has met John Mogg, chairman of Ofgem, on several occasions to discuss various issues, including security of electricity supply. The Government's and Ofgem's shared understanding of the outlook for electricity and gas supply is set out in a report, which has today been laid before the House. It is available in the Library. I propose, subject to the usual channels, to offer the House the chance to debate the report in the autumn.

James Duddridge: Given that severe weather this winter would require gas supplies to be cut off to industry to maintain electricity generation, and the fact that the Secretary of State has not explained what will replace some 30 per cent. of power station capacity, which is due to close in 2015, why has he placed a report before the House only today, when it was required under section 172 of the Energy Act 2004? Why does it take a parliamentary question from a mere first-time Back Bencher to elicit the information?

Alan Johnson: Not a mere Back Bencher, but someone who has forced the Government to produce a report today. We are not required by law to report at a specific time. Ofgem and the Government believed that the primary objective was to give as full and as clear a report as we could, including the issues that may come up this winter. That is why we have published the report

now. The hon. Gentleman and other hon. Members would be glad to have a debate on an important and serious matter but it should not revolve around peripheral issues such as the timing of the report.

Alan Simpson (Nottingham, South) (Lab): Will the Secretary of State tell the House what assessments he and his colleagues have made in the context of energy security of the work of places such as Woking, which now generates 135 per cent. of its electricity needs, and the Mayor of London's announcement that he wants London to be energy self sufficient in a decade? Is the Department working on the security implications of local generating systems?

Alan Johnson: Yes. We must ask whether we have what is called the headline plant margin—the headroom—when considering security of supply. We currently have 22 per cent. headroom whereas this time last year, we had only 16 per cent. That is important for security of supply.

We are also committed to renewable energy. We have the 10 per cent. renewables obligation. The announcement and the initiative that my hon. Friend mentioned make an important contribution to security of supply and the related issue of ensuring that we tackle climate change.

Mr. Bernard Jenkin (North Essex) (Con): There are an astonishing 65 written ministerial statements to be made on the last day of term but there is no written ministerial statement about security of supply on the Order Paper. The response that the Secretary of State should have given to the perspicacious question of my hon. Friend the Member for Rochford and Southend, East (James Duddridge) was, "By the skin of my teeth." He got the report out by the skin of his teeth.

The Secretary of State faces considerable problems. Did he see the following e-mail from his lead official? It states:

"The big issues you face are:

How to achieve the goals on climate change while also maintaining security of supply and international competitiveness.

How to handle the very tight supply/demand balance next Winter.

How far you can rely on the present market framework to deliver . . .

What role nuclear build and new technologies might play . . .

The implications of energy prices staying high or moving higher."

What has he got to say about that?

Mr. Speaker: Order. The Secretary of State needs to answer only one of those supplementaries.

Alan Johnson: I certainly did read that report—as did the rest of the British public, because it was leaked to three Sunday newspapers the weekend I was appointed. It set out the issues that we face on energy and replicated the points made in the 2003 energy White Paper. Of course security of supply is a central issue for the Government and for the House to tackle, as are climate change and the objective in the energy White Paper to ensure that we reduce the number of people in fuel poverty. Those are all important issues.

The hon. Gentleman said that we got the report out by the skin of our teeth. We have Trade and Industry questions today, and we have had a question from the hon. Member for Rochford and Southend, East (James Duddridge)—on which I congratulate him; it is a very pertinent question—which has given me the opportunity to respond, and we have lodged a report, not a statement, in the Library of the House in anticipation of a debate in the autumn. Even the hon. Member for North Essex (Mr. Jenkin), on this last day of term, should accept that that is not a bad thing for the Government to do if we want a serious debate on security of energy supply.

Mr. Jenkin: I very much welcome the fact that the Secretary of State wants a serious debate on the security of energy supply. At the previous DTI questions, however, does he recall saying that he had only been in the job for five weeks? We can understand why he is feeling a little overwhelmed by what his predecessors have left in his in-tray—*[Interruption.]* Eight years, this Government have been in office. I should like the Secretary of State to confirm that this memorandum states:

"The electricity generating margin . . . could narrow sharply over periods this Winter . . . in the event of bad weather. The margin is also expected to tighten after 2008".

Are not those problems urgent? I am grateful for the debate that the right hon. Gentleman is to give us on the subject, because it is serious.

Alan Johnson: In the interest of having a proper debate on a serious issue, of course we have to look at this. The issue of security of supply is particularly important over the winter period, and that memorandum was pointing that out to an incoming Minister. We have dealt with this in terms of the market having the capacity to ensure security of supply, which is the right way to approach the matter. The Government have to ensure that we are convinced that the market is providing that capacity, well ahead of the winter period. The hon. Gentleman is absolutely right to say that officials should point out to me the challenges that we face, and it is absolutely right that we should debate those challenges in the House. I do not understand his argument that my predecessor has somehow left me in a bad situation. My predecessor did not pass a law to say that we were no longer to have bad winters, so we shall always have to prepare for them and ensure security of supply.

Anne Moffat (East Lothian) (Lab): Does my right hon. Friend agree that nuclear power must play a major part in ensuring security of supply? What does he see as the short-term, medium-term and long-term prospects for supply from the nuclear industry?

Alan Johnson: When considering climate change and security of supply, we need to look right across the range, including at nuclear energy. My hon. Friend will know that our energy White Paper said that we had left the door open to nuclear energy. We also said that if we were going to go down the route to new build, we should need to produce a new White Paper and fresh consultation. That is still the Government's position. In

the long term, after 2035 when the last existing nuclear power station closes, the issue will need to be addressed within this Parliament, as the Prime Minister has said.

Loan Sharks

2. **Mr. Graham Allen** (Nottingham, North) (Lab): If he will take steps to assist those who have been the victims of loan sharks and whose cases have passed through the courts. [13803]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): The Government recognise the need to protect consumers against unfair lending practices. The Consumer Credit Bill will modernise the consumer credit market and drive out rogues from the market. The Bill will make it much easier for consumers to challenge unfair loan agreements. There will be a new right to challenge unfair relationships arising out of the terms of loan agreements or the way in which the lender acts, and borrowers will also have the right to take disputes with their lenders to an ombudsman service, so that they do not have the added burden of going through a lengthy and expensive court battle.

Mr. Allen: May I pay a personal tribute to the Minister for moving forward the Consumer Credit Bill—it may well be the first Bill of this Parliament that passes all stages; I certainly hope so—and to Opposition Members for their constructive contribution to it in Committee? The Minister will remember that I brought a case to his attention recently. Mr. Frederick Jones took out a loan of £7,700 and ended up having to pay back £110,000. Will the Minister ensure that even people like Mr. Jones, whose cases have been through the courts, will now be caught by the retrospectivity clauses in the Bill? We are all very grateful that those clauses have been included, particularly people such as Mr. Jones and, I am sure, the constituents of many other hon. Members.

Mr. Sutcliffe: I thank my hon. Friend for his kind remarks and the work that he has carried out on behalf of Mr. Jones. He knows that I cannot go into the detail of the case, but Mr. Jones's case was an inspiration to all of us in bringing forward legislation. I would like to add my thanks to the Opposition for the constructive way in which the Bill has gone through the House so rapidly. I assure my hon. Friend, however, that the unfairness test and the licensing regime will prevent the type of case with which Mr. Jones had to deal from happening again.

James Brokenshire (Hornchurch) (Con): As the Minister will be aware, we had good debates in Committee, on Report and on Third Reading. I echo his comments in terms of the constructive approach taken by all parties to getting a way forward for protecting debtors and lenders. Will he give a firm commitment to review the effect of the legislation once it is in place, because considerable concerns were expressed as to the effect of the new law, and particularly whether it would have the unintended consequence of driving commercial lenders out of the market for those on low and uncertain incomes, thereby giving succour to the loan sharks whom we do not want preying on the most vulnerable members of our community?

Mr. Sutcliffe: The point is well made. The Consumer Credit Bill is not to be seen in isolation—we have introduced loan shark pilots in Birmingham and Glasgow, we are working with credit unions, and we are working on financial inclusion We are considering all the issues in relation to education, money advice and debt counselling. The Bill is central to that, but we will review the situation in two years, as is normal practice for Governments. I remind the House, however, that the last time that consumer credit was considered in terms of legislation was 1974, so the Bill is certainly needed.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): The best way to ensure that those who are victims of loan sharks no longer become victims is through financial inclusion. In that respect, the Government's response to the Treasury Committee's report on cash machines is breathtakingly complacent and blind to the trends in that industry. Can the Minister assure me that he will work with his colleagues in the Treasury and the Department for Work and Pensions, along with the Treasury Committee, to ensure that we get reasonable financial inclusion and achieve the goal of bringing the financially excluded into the mainstream financial community?

Mr. Sutcliffe: I pay tribute to my hon. Friend, who is the Chairman of the Treasury Committee, and to the work that that Committee has done on this and related issues. I assure him that the financial inclusion fund will provide £45 million to be spent on education and support for bodies that help individuals. We are determined to make sure that people get as much advice as possible, that they are financially included, and that they benefit from the country's good economic position.

Manufacturing Jobs

3. **Mrs. Madeleine Moon** (Bridgend) (Lab): What steps he is taking to protect jobs in manufacturing industry. [13804]

The Minister for Industry and the Regions (Alun Michael): Our policy is to provide the right macro-economic conditions and support to enable British companies to compete successfully in world markets. Manufacturing employment is falling in all advanced economies as global competition increases, so the Government manufacturing strategy seeks to help manufacturing companies move to high-value manufacturing with high-skill jobs.

Mrs. Moon: As Parliament faces the recess, workers in two factories in my constituency face a summer shutdown tomorrow. This morning, I was yet again contacted by the BBC informing me that 250 workers at the Pendragon furniture factory will face that shutdown with redundancy payments. What reassurance can I take to the workers of Christy Tyler, Sony and Wrigley Kraft that they will not face a summer of uncertainty about whether there will be jobs waiting for them at the end, that the Department will work with its equivalent in the Welsh Assembly Government to bring new high-value, high-quality jobs to Wales that will suit their

capacity and skills, and that they will not face a future on the scrap heap as they would have done under the Conservative party?

Alun Michael: I can certainly empathise with that final point. We must set this in context, because the Bridgend labour market is relatively buoyant, although the town has taken a battering lately, and I pay tribute to my hon. Friend and her colleagues in neighbouring constituencies for their work to try to address the immediate problems of the area. Some of the changes are inevitable. The Sony factory, for instance, which produces screens, is a pretty inevitable casualty of the move to flat screens, which are much more mobile around the world. That does not make it any less devastating, however, for the individuals and families involved. I know that colleagues in the Welsh Assembly Government are working with Team Wales partners—the Welsh Development Agency, ELWa, Jobcentre Plus, Careers Wales and others—and are ready to provide co-ordinated assistance and support to help people move on to fresh employment opportunities in what remains, on the whole, a relatively healthy labour market.

Dr. Vincent Cable (Twickenham) (LD): The Minister will be aware that the French Trade Minister and Prime Minister are vigorously promoting the idea that the best way to protect manufacturing jobs is to create a wall of tariffs and quotas around industries faced with international competition. What success have his Government had in persuading the European Trade Commissioner and other Ministers that that would be totally counterproductive and disastrous in the long term?

Alun Michael: The hon. Gentleman is right to signal this point, which I made at the outset. The way to safeguard jobs for the future is to go for high-value, high-quality jobs and an innovative economy. We cannot be protective about these matters; we must compete in what is a challenging world market. In the short time in which I have been in this job, I have been very impressed by the engagement of people in the manufacturing industry. Yesterday, I attended a meeting of the Manufacturing Forum, which I chair jointly with Kevin Smith of GKN. The energy and will to take forward manufacturing in this country is palpable, and that is the direction in which we should take our economy.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): May I commend the Government on the protection that they have provided for manufacturing jobs and on the various policies that they have implemented? The steel industry is very important to manufacturing jobs in my area, and a research centre called the Teesside technology centre has done well in helping the industry, which faced closure in the past few years, but—thank goodness—is to remain open. Will the Minister meet the Corus research and development team to see whether there is a way to support and protect the long-term future of the Teesside division of the steel industry?

Alun Michael: I am pleased to tell my hon. Friend that I am meeting Corus top management this afternoon, and I am certainly happy to look at any aspects of development that can assist. The steel industry is experiencing a challenging time after a relatively successful few years, and it is important that we work with it, and with Corus in particular.

Michael Fabricant (Lichfield) (Con): The Minister is right to say that there is a general decline in manufacturing jobs—not just in the United Kingdom but in other western countries—as we face competition from global giants such as China and other countries with low-wage economies, and he is also right to say that the Government must have total regard to macro-economic policy. However, given that we have lost 1 million jobs, and that the percentage of jobs in manufacturing has fallen from 18 to 13 per cent. in the past seven or eight years, what fresh initiatives can he announce today to stop this inexorable decline?

Alun Michael: I do not think it appropriate to try to pull rabbits out of the hat; rather, we must work continually with the industry to improve the situation. We live in a challenging environment and we do not like the fact that we lost some 81,000 manufacturing jobs last year, but that pales in comparison with the recessions of the 1980s and 1990s. Some 673,000 manufacturing jobs were lost in 1981, and 422,000 were lost in 1991. *[Interruption.]* Yes, those people—the sort of people whom we on the Labour Benches represent—lost their jobs as a result of the Conservatives' neglect of manufacturing. I should point out that some 51,400—

Mr. Speaker: Order. We must move on.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Despite the support given to the LG Philips manufacturing plant in my constituency, tragically, it is closing tomorrow. Will my right hon. Friend join me in wishing the taskforce, which is funded by his Department, well as it seeks to get the excellent and highly skilled staff into new employment?

Alun Michael: Yes, indeed. We have an economy in which employment is at record levels. There is therefore strength in the economy and an opportunity for taskforces of that sort to look for high-quality jobs and to expand local economies in response to events. It is always sad when a long-standing employer, and very often a high-quality one, is affected by the competitive market in which we operate, but looking to the future is what is important. I recommend all hon. Members to support the enterprise week coming up in November and to encourage others. If we had the number of women setting up business that there are in America, for example, we would have another three quarters of a million companies. We need to encourage enterprise by our young people, and by everybody, to respond to the challenges we face, and I wish the taskforce well in tackling the local issues referred to by my hon. Friend.

Mines Rescue Service

4. **Colin Burgon** (Elmet) (Lab): What plans there are for funding for the Mines Rescue Service. [13805]

The Minister for Energy (Malcolm Wicks): The Coal Authority, a DTI-sponsored non-departmental public body, has provided £5 million of support to the Mines Rescue Service over the last two years, using unexpected gains from the sale of property assets inherited from British Coal. It appears unlikely at this stage, however, that further gains will emerge to enable such funding this year or in future.

Colin Burgon: That is precisely why I am asking the Government to step in. We are talking about peanuts—£2.5 million. We have fewer than 10 deep mines in this country, and that is a real problem. I know that the Minister is extremely perceptive and intelligent—[HON. MEMS: "Hear, hear!"] I am not after a job. The Minister knows that we must keep a range of choices open to us in the energy market, and we should be supporting the deep-mine coal industry. That £2.5 million, when set alongside what I have read this week we are giving to privatised British Energy—£184 million this year and every year until 2086; I never did the numeracy—

Mr. Speaker: Order. I am sure that the Minister has got the message.

Malcolm Wicks: I thank my hon. Friend for his kind comments; in turn, I have always regarded him as a man of great judgment.

The mines rescue scheme provided by MRS Ltd. is a statutory requirement. In the absence of Government funding, the levy on deep-mine operators applies, in accordance with the scheme. Mine safety and security are paramount. Rest assured, we will keep a careful eye on its funding.

Royal Mail

5. **Mr. John Grogan** (Selby) (Lab): If he will make a statement on the future of the Royal Mail. [13806]

The Secretary of State for Trade and Industry (Alan Johnson): We will not privatise Royal Mail. We will pursue our ambition of a seeing a publicly owned Royal Mail fully restored to good health, providing customers with an excellent service and its staff with rewarding employment. I am pleased to announce that I am today appointing Professor Sir George Bain to support me in working on Royal Mail issues.

Mr. Grogan: Can my right hon. Friend assure the 100-plus Labour Back Benchers who have signed early-day motion 548, which supports our manifesto commitment on a successful, publicly owned Royal Mail, that 100 per cent. of the shares will continue to be owned by the Government?

Alan Johnson: I will certainly reiterate our manifesto commitment on privatisation. My hon. Friend makes a point that I think is directed at whether there should be an employee share trust. I am not ruling that out, and as a former employee of Royal Mail for many years, I do not think that the House should rule it out. It is worthy of examination, and it is certainly something that we should look at on the basis of seeking to restore Royal Mail to full health and to take it further along the road that it commenced upon in 2002.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Is the Minister aware that closures of several sub-post offices in my constituency have caused inconvenience and concern to many, including pensioners? Does he agree that Royal Mail should consider its Post Office subsidiary and try to get it to diversify, so that more post offices can remain open as community facilities?

Alan Johnson: That is an important point, which was highlighted in the performance and innovation unit report in 1999 on the post office network, which gained broad support across the House. Part of the report was about the transformation of the Post Office as it loses its traditional customer base. Some 40 per cent. of its work was paying out pensions and benefits, but more and more people have those paid into their bank accounts. There is an enormous opportunity for the network to move to new forms of work, including community-based work. There is an awful lot going on, with the support of the National Federation of Sub-Postmasters, in order to make that work, but the simple message is that people have to use the initiatives and use the post offices. Post offices have to get the footfall because if they do not, they will be commercially unviable for the independent small business men who run them.

Geraldine Smith (Morecambe and Lunesdale) (Lab): I believe that the partial sale of the Post Office through an employee buy-out would be privatisation by the back door and I am alarmed to hear my right hon. Friend say that he has not ruled it out. When will he end the speculation? We find out information because Allan Leighton makes statements in the national media; indeed, there was a statement only last week. We need the matter cleared up. If my right hon. Friend is not ruling it out, is he ruling it in? When will he make a proper statement on this issue?

Alan Johnson: My hon. Friend is another former employee of Royal Mail; there seem to be a lot of us around today. I disagree with her on the issue of employee ownership. In all my time as leader of the Communication Workers Union, I looked for ways in which employees could have a bigger stake and involvement in the company that, day in and day out, they helped to make successful. I am surprised that from Labour Benches people are asking me to rule out employee involvement. Our manifesto commitment was to look carefully at the impact of full market liberalisation on the Royal Mail, the universal service obligation and the uniform tariff. That is a job of work that cannot be done with one statement to the House. It requires a thorough job of work. It will involve Royal Mail, the unions, the regulator and now Sir George Bain to help me to bring those different factors together.

Norman Lamb (North Norfolk) (LD): We are told that Royal Mail requires £2 billion to £3 billion to invest in automation to catch up with its continental rivals. We are also told that there is a deficit of about £2.5 billion in the pension fund. We have full liberalisation on

1 January. What plans does the Secretary of State have for Royal Mail to obtain the money that it needs to invest in automation and to remove the pension deficit?

Alan Johnson: Those are the very issues that we need to look at. Royal Mail has gone from a position in 2002 when it had losses of about £360 million to a position this year in which it has profits of £500 million. So the organisation is moving forward. I reject completely the argument that the only way to create a successful, profitable Royal Mail is to privatise it. A public sector success story with full commercial freedom is within the grasp of Royal Mail. We intend to tackle the very real problems that the hon. Gentleman mentions and ensure that we make Royal Mail an exemplar across the world of a successful publicly owned company.

Post Office

6. **Kate Hoey** (Vauxhall) (Lab): When he last met representatives of the Union of Communication Workers to discuss the future of the Post Office. [13807]

The Parliamentary Under-Secretary of State for Trade and Industry (Barry Gardiner): My right hon. Friend the Secretary of State meets all the stakeholders in the postal services market on a regular basis to discuss a range of issues including the future of the company. My right hon. Friend last met representatives from the Communication Workers Union on 24 May 2005 and will be meeting members of the parliamentary trade union and CWU group later today. I will be meeting CWU representatives on Monday next week.

Kate Hoey: Will my hon. Friend congratulate the CWU members, particularly in the south-west branch, on the news that the Royal Mail has won the contract to continue working in the Palace of Westminster? I am sure that all hon. Members welcome that. Why is it necessary for this country to liberalise its postal services long before the rest of Europe is doing so? Surely that will put our postal service at a disadvantage?

Barry Gardiner: Of course I join my hon. Friend, and indeed the whole House joins her, in congratulating the members who have won the service for the House of Commons work. We are pleased to see that situation continue.

Full liberalisation of the market is something that Royal Mail itself has embraced. The regulator believes that it is the right thing to do. The reason why liberalisation of the market has taken place a year earlier than in the rest of the Europe is that Royal Mail believes that it is the best way of preparing the company ahead of time to take advantage when the rest of Europe liberalises. That is its stated position, and it is one that I urge my hon. Friend to discuss with it most carefully.

Mr. Nigel Evans (Ribble Valley) (Con): According to the newspapers today, Allan Leighton has said that if price controls were put on stamps, it could lead to the loss of 40,000 jobs, or a quarter of the work force. That would devastate the rural network and have a huge impact on the urban network. Can the Minister give an assurance that such job losses will not occur?

Barry Gardiner: The hon. Gentleman knows full well that the proposals have been set out by the regulator, but no final decision has been taken. We are in a period of consultation on the price control mechanism, which will not be concluded until later this year. Therefore, it is redundant to speculate on the price of stamps to 2010 at this stage. The hon. Gentleman makes a point about the rural network and, indeed, the rest of the network, but this Government have invested £2 billion in updating post offices and the Royal Mail. Yes, there have been closures in the rural network and through the urban reinvention programme—

Mr. Patrick McLoughlin (West Derbyshire) (Con): The urban closure programme.

Barry Gardiner: The hon. Gentleman is obviously unaware of the programme and the £210 million. This Government have invested £2 billion to ensure a successful future for the Royal Mail, whereas the hon. Gentleman's party closed 3,500 post offices without putting in any such investment.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): When my hon. Friend talks to the union, will he make it clear that many Labour Members agree with many of its members that there is not one model of public enterprise? As a lifelong co-operator, I believe that the enterprise that works best is the one in which every member of the work force has a share. That is a good rule and I hope that it will not be cast aside.

Barry Gardiner: I entirely agree with my hon. Friend. Indeed, the first time that I ever stood for public office was as a Labour and Co-operative candidate. Those principles have always been very dear to me and I hope that we can expand them in government.

India (Bilateral Trade)

7. **Peter Luff** (Mid-Worcestershire) (Con): If he will make a statement on bilateral trade with India. [13808]

The Minister for Trade (Ian Pearson): Our bilateral trade relationship with India has never been better. Data for the first quarter of 2005 indicate a 23.9 per cent. increase in trade over the same quarter in 2004. That is good news, but there is still plenty of room for improvement. I am pleased to report that the Joint Economic and Trade Committee, announced by both Prime Ministers in September last year, is already making good progress in areas such as air services, legal services and the creative and media sector.

Peter Luff: I think that the Minister has confirmed with that answer that the story of trade with India is of the cup being half empty and half full. There is much of which to be proud, but much more that could be done. Will he put pressure on the Indian Government to continue liberalisation in key sectors, such as insurance? With respect to the Joint Economic and Trade Committee, will he consider the possibility of establishing industry-led groups in key areas, such as infrastructure and life sciences, to draw the full attention of British businesses to the huge opportunities that exist in India?

Ian Pearson: The hon. Gentleman is right about the importance of India as a market today and for the

future. He will be aware of the work of the Joint Economic and Trade Committee in areas such as those he mentioned, including infrastructure, on which we need to do more. He is right about insurance, because we want to see greater opening of the market in India. He also mentioned life and biosciences and that is another area in which we want to see co-operation in the future. Total trade at present, including services, is some £6 billion per annum, which is good business for the UK and for India.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): India has the largest number of graduates and postgraduates in computer science and the UK has more than 100,000 vacancies. We are fast-forwarding entry visas for people from India to take jobs in this country. Is there any way that we can copy and borrow India's system for training its computer scientists so that we can employ our own people?

Ian Pearson: The important thing is to recognise the strengths in IT training in both the UK and India. Recently, there has been inward investment from Indian companies such as Infosys, Wypro and Tata Consultancy Services, which are all in the ICT sector. We want that to continue to grow and we want skilled, high-quality jobs in the UK. My hon. Friend has a point about the number of high-quality, skilled Indians being trained in that country.

Mr. David Heath (Somerton and Frome) (LD): Is the hon. Gentleman aware of the gross disparity between the import tariffs applied to leather used in our indigenous gloving industry derived from India and that from the Republic of China? Will he look into the matter and write to me?

Ian Pearson: I would be happy to look into the detailed point that the hon. Gentleman made, but I would like to say something on the more general point—the World Trade Organisation negotiations in Hong Kong. India has a crucial role to play in those negotiations. We want real progress to be made in Hong Kong in December and a pro-poor outcome to the Doha development round, which will benefit the least developing countries as well as countries such as India and the UK. There are gains to be made in trade for all of us.

Mr. Lindsay Hoyle (Chorley) (Lab): Obviously, my hon. Friend is aware of the importance of trade with all the countries of the Association of South East Asian Nations. India is an important area for UK exports, so what is the ministerial team doing? How often do Ministers visit India and which big contracts are they promoting? There is much aerospace work to be taken up, so can my hon. Friend tell the House what we are doing about that?

Ian Pearson: My hon. Friend is right about the opportunities in aerospace, but there are also opportunities in a wide range of other sectors. One of the things that the Joint Economic and Trade Committee decided to do was to hold an annual summit, and my hon. Friend is probably aware that the Prime Minister will be visiting India with a business delegation in September. Regular ministerial visits are planned to India in the future because we recognise the importance of that country as a market.

Mrs. Eleanor Laing (Epping Forest) (Con): Given the historical and beneficial connections between Britain and India, what is the case for leaving the European Union in complete control of our trading relations with India?

Ian Pearson: I find that quite staggering. The hon. Lady will be aware that when we joined the Common Market in 1973 we signed up for the common commercial policy, which means that the EU has competence in negotiating trade agreements. We obviously have a role in the EU as a member state, but when there is a single market we cannot have one rule on trade policy for the UK and another rule for France, another for Germany and another for Spain. It is wrong and ignorant to suggest that we could.

Deep Coal Industry

8. **Paddy Tipping** (Sherwood) (Lab): When he last met representatives from the deep coal industry to discuss investment aid. [13809]

The Minister for Energy (Malcolm Wicks): Both I and my predecessors have held meetings on a regular basis with representatives of the deep coal industry. Investment aid is usually among the issues discussed.

Paddy Tipping: Will the Minister agree to meet representatives of the work force of the three remaining collieries in Nottinghamshire—Harworth, Thoresby and Welbeck—to discuss real and immediate issues? First, there are bids in the Department for about £100 million for investment aid, but no resources to meet them. Secondly, there are immediate problems at Harworth colliery. The pit is to be mothballed next spring, but let us be clear: in this case, mothballing is another name for closure.

Malcolm Wicks: I would welcome an opportunity to meet representatives of the work force, and my hon. Friend, to discuss these matters, particularly Harworth colliery. We are very sorry to hear that technical problems have meant that Harworth has had to close down, we hope temporarily. There has been considerable Government investment into Harworth. Yes, we will meet and I look forward to that meeting.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Will the Minister comment on whether technological innovation in terms of clean coal and carbon capture will have an impact on investment aid to the coal industry and the future of the industry itself?

Malcolm Wicks: In terms of the international climate change challenge this is crucial because much coal will be burned in the decades to come, not least in emerging economies such as China, so clean coal technology and, in other areas, carbon abatement and carbon capture are the technologies that will count in the decades to come. Of course we will look at the role of those technologies in the United Kingdom.

Mr. Dennis Skinner (Bolsover) (Lab): It would make a lot more sense if Tories getting up to talk about clean

coal would remember that we had a clean coal plan at Grimethorpe in South Yorkshire and the Tories closed that pit. The Government have given money to UK Coal for almost every pit that has subsequently closed; we have done that every time. The same will apply to Harworth. I just want to warn my hon. Friend that giving money to put in the pockets of UK Coal does not in the long term save the jobs of the miners. What it does is enable UK Coal, which is in reality a property company, to have more money to buy more land, in order to develop it when it has shut the pit. There is only one answer: we have got to take those six remaining pits back into public ownership.

Malcolm Wicks: I was uncertain, up until the last sentence, of what my hon. Friend's position was on that.

Mr. Skinner: What is wrong with it?

Malcolm Wicks: This is a very serious issue. There are immediate issues facing certain coal mines, which we are addressing; none of these things is easy. There is a more strategic issue about the future of British coal, which I think we need to look at in the wider context of energy supply in the 21st century.

Mr. Peter Atkinson (Hexham) (Con): Looking forward, not back, does the Minister accept that long-term price stability is the key issue for the deep coal industry, without which investment is not possible? When the Government review the security of energy supplies, will they consider what can be done to guarantee a long-term price structure for the industry?

Malcolm Wicks: That is not easy when prices of different sources of energy are rising worldwide, but we will certainly bear that point in mind. We always look forward, not back, and I am glad that the Conservative party is beginning to brush up on its communication skills.

International Trade Agreements

9. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What proportion of the UK's international trade agreements were negotiated by (a) the Government and (b) the EU in each of the last three years. [13800]

The Minister for Trade (Ian Pearson): The European Commission has negotiated all the EU's trade agreements on behalf of member states in the past three years.

Daniel Kawczynski: I thank the Minister for that reply. However, when negotiating with important international partners like China and India, it is important to be able to speak on one's own behalf. When the negotiators go in and negotiate on behalf of 25 countries, it is far more difficult for them to strike a good deal. This is of great concern to me and I would rather that Great Britain negotiated its own international contracts.

Ian Pearson: The common commercial policy is one of the foundation stones of the European Union. If the Conservative party is saying that it wants to withdraw from that, it is really saying that it wants to withdraw from Europe. It needs to make its position clear on that.

The 25 member states will agree a negotiating mandate and the Commissioner will then negotiate agreements. He will keep in close touch with the member states during those negotiations and it will be up to the member states to ratify the outcome of any negotiations. There is clear member state involvement in the process. However, we are part of the European Union. It is an important home market for us of more than 450 million people, and we do have to sign up to the terms of its agreement.

Keith Vaz (Leicester, East) (Lab): Does my hon. Friend agree that it is not just a question of negotiating those agreements? It is also important to make sure that our EU partners stick to them. Fifty years ago, one in every 10 white shirts in the world was manufactured in Leicester, but the textile industry has been devastated because of the dumping of textiles by non-EU countries in EU countries, and no action is taken against them. What steps is my hon. Friend taking to ensure that our partners stick to the agreements that have been negotiated?

Ian Pearson: My hon. Friend is right to say that it is important that all partners stick to agreements. He will be aware of the EU's anti-dumping legislation, which has recently been applied to textiles. The Trade Commissioner, Peter Mandelson, recently negotiated on behalf of the EU an agreement on the limitation of exports from China to the EU market. As my hon. Friend knows, there has been a massive restructuring in the UK textile industry as a result of the end of the multi-fibre arrangement. We have planned ahead, but other countries have not. We must take account of the fact that we will not be able to compete in future on the basis of low value added goods.

MINISTER FOR WOMEN

The Minister was asked—

Positive Discrimination

20. **Philip Davies** (Shipley) (Con): If she will make a statement on Government policy on positive discrimination in the workplace. [13822]

The Minister for Women (Tessa Jowell): Positive discrimination is illegal. We are committed to promoting equality of opportunity in the workplace and selection on the basis of merit. The duties on public authorities to promote gender and race equality and equality for disabled people are part of that commitment.

Philip Davies: Does the Minister agree that jobs should always be given on the basis of ability, not gender, and that so-called positive discrimination is no different from any other form of discrimination? Will she use her offices to stamp out such patronising political correctness?

Tessa Jowell: Yes, I agree that jobs should be awarded on the basis of ability. That is why, whereas the Government maintain the illegality of positive discrimination, we support positive action so that the talents of women, disabled people and other discriminated-against groups can be fully utilised.

Laura Moffatt (Crawley) (Lab): Does my right hon. Friend agree that women want no part of discrimination? They want to be able to take their rightful place in the workplace, and they want family friendly policies and decent, affordable, good-quality child care. They want to do their job alongside everyone else and to play their proper part in our economic well-being.

Tessa Jowell: My hon. Friend is right. As she knows, having been a strong supporter at every stage of these policies, the Government have over the past years introduced policies to extend child care, to increase the rights of women at work, and particularly to extend the right of women to request to return to work part-time and to work flexibly—a benefit that about a fifth of all women have so far sought to use.

Peter Bottomley (Worthing, West) (Con): May I ask the right hon. Lady to check whether it is right to say that among first-line supervisors in the civil service 60 per cent. are female, but two promotions higher, 60 per cent. are male? Does that reflect the suitability of people for the job or some kind of indirect discrimination? I am not accusing her of supporting it, but action is needed to get rid of it.

Tessa Jowell: The hon. Gentleman makes an extremely important point. Progress has been slow and the pace of women's advancement has been less than would be expected on the basis of their talent. That is why positive action and the approaches to flexible working that have often removed the obstacles to women's progress are so important—not just for women, but for our economy and the efficiency and good performance of our organisations, such as the civil service.

Alison Seabeck (Plymouth, Devonport) (Lab): I was interested to hear my right hon. Friend's comments on positive action rather than discrimination. What steps can be taken to assist industries, such as the construction industry, which have a traditional image of being heavy and dirty—in fact no longer an accurate picture—actively to encourage more women into their work force? Will she please acknowledge that historically there have been real barriers to the employment of women in some areas?

Tessa Jowell: I entirely—*[Interruption.]* This is precisely the problem. When one tries to have a serious debate about labour market segregation and the fact that women's employment is clustered in a small number of sectors of our labour market, Opposition Front-Bench Members treat it as a joke. This is precisely the kind of area where positive action and the engagement of young women in school is so important.

Mrs. Eleanor Laing (Epping Forest) (Con): I agree with almost everything that the Secretary of State has just said, and of course the Opposition entirely support fair treatment of all women. It is why we support the Equality Bill, which is now in the other place. However, does she agree that positive discrimination is wrong in all cases in all workplaces, and that includes this workplace and the selection process for parliamentary candidates? Does she further agree that positive discrimination in the long term does harm to women because it is like saying that men can always swim on their own, but women always need to wear water wings? It is not right; it is not true. Women can do it all on their own.

Tessa Jowell: In time, the hon. Lady will come to regret those remarks. One of the many reasons why the Opposition are seen as so out of touch and outdated is that they have not sought to ensure that parliamentary representation represents the country as a whole. She is a lone voice, but has a very long way to go.

Gender and Poverty

21. **Vera Baird** (Redcar) (Lab): What discussions she has had with the Chancellor of the Exchequer about gender and poverty in the United Kingdom. [13823]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): I welcome the range of measures discussed between my predecessors and my right hon. Friend the Chancellor of the Exchequer concerning the impact on gender and poverty such as the national minimum wage, child and family tax credits, legislation on flexible working and measures to close the gender pay gap.

Vera Baird: I am grateful for that reply. My primary concern is with women in retirement who are poor. The pension credit has helped 1.3 million women out of poverty, but my hon. Friend will agree that they are poorer in the first place primarily because, relative to men, they have low pay throughout their lives and cannot save. Also, when they are caring for children or elders the credit system does not properly credit them in, so that they cannot even acquire a full basic state pension. Does she agree that this is a major outstanding issue of gender equality? Granted that the state pension is the state's responsibility, does she expect that when

the duty on public authorities to promote gender equality comes into force things will have to change quickly? Will she use her considerable influence to accelerate that process?

Meg Munn: My hon. and learned Friend makes some extremely good points. The issues about pay are enormously important. She will be aware that we have established the women and work commission, which will report in due course, to look at the pay gap and the fundamental problems around that. I can assure her that I have taken very seriously the issue about pensions. I have already met the Secretary of State for Work and Pensions and he recognises that women and their pension needs will be a major issue in the national pension debate, which will need to consider a range of matters, including caring.

Sandra Gidley (Romsey) (LD): I appreciate the Minister's response on pensions, but is she aware of the Fawcett Society's audit of women's economic welfare in Britain? It says:

"There is a risk . . . that the Government's anti-poverty strategy serves to reinforce women's economic inequality."

An example of that is pensions, where money is available if women go cap in hand, but little is done to address the underlying problem. Does she agree that citizens' pensions are a way forward?

Meg Munn: As I have said, the fact that women are poor in old age is not due to one factor alone. The appropriate future for pensions will be the subject of considerable discussion. Reports are due to be published in the not-too-distant future. My right hon. Friend the Secretary of State for Work and Pensions wants a national debate, to which I welcome the hon. Lady and her party.

Child Care

22. **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): What steps she is taking to support the development of child care as a business. [13824]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): I have contributed to a number of measures, including the development of a leaflet for businesses to support employees with child care provision, which forms part of the gender equality public service agreement for 2005–08, and in delivering targets within the strategic framework for women's enterprise.

Linda Gilroy: Does my hon. Friend agree that co-operative and mutual models of ownership lend themselves particularly to the child care sector? Will she give consideration to the Get Up and Go nursery on the site of the Community Economic Development Trust in my constituency? Indeed, may I invite her to visit it later this year, when I hope she will come to Plymouth?

Meg Munn: My hon. Friend is absolutely right. United Kingdom research on social enterprises showed that more than 700 of the 15,000 most common types of social enterprise—approximately 5 per cent.—were in the child care business, but I agree with my hon. Friend that the sector has an opportunity to grow considerably more.

I should be delighted to go and see the Get Up and Go child care provision. It sounds extremely interesting, and I hope to be able to visit the nursery soon.

Armed Forces (Modernisation)

11.31 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): (*urgent question*): To ask the Secretary of State for Defence if he will make a statement on his plans for defence modernisation, and in particular if he will make a statement on the future of the Saxa Vord station in Unst.

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): Defence modernisation measures announced to Parliament and to Ministry of Defence staff today will improve the support given to our armed forces, release resources for the front line and for new capabilities, and make the best use of taxpayers' money. The future defence supply chain initiative will improve current service levels, enhance operational capability and put the armed forces in a better position to cope with "surge" logistics requirements, while also significantly reducing costs.

The Ministry of Defence has selected an in-house option, which involved close consultation with the trade unions, to provide the best possible combination of effectiveness and cost in our defence supply chain. By updating processes, improving staff training, rationalising the distribution network and closing storage depots at Stafford by the end of 2007, Llangennech by mid-2008 and Longtown by mid-2009, we expect to make savings of over £50 million a year by 2010 and over £400 million during the next 10 years. The new organisation will require about 2,000 fewer civilian posts and about 50 fewer armed forces personnel. Those reductions will contribute to the wider MOD manpower reductions announced in the 2004 White Paper.

A study of the future role of the defence munitions centre at Crombie in west Dunfermline has been completed, and the MOD has decided—subject to consultation with the national trade unions—to implement its recommendations. The study determined that the explosives storage capacity available at DMC Crombie was not required to meet the known and projected storage liability of its customers. In future, Crombie will concentrate on providing a loading-offloading function for Her Majesty's ships and royal fleet auxiliaries, together with berthing and other jetty operations.

If the study's recommendations are implemented, there will be a reduction of 142 posts at DMC Crombie. It is expected that 67 posts will go in the first year, with the remaining 75 being phased out between 2006–07 and 2009–10. Implementation of the recommendations will have the potential to deliver savings of some £18.1 million over 10 years. Subject to the conclusion of trade union consultation, the Army Base Repair Organisation's proposal to start phase 1 of a two-part rationalisation programme will also begin. Phase 1 addresses the immediate impact of the downturn in the ABRO defence revenue projections, but it will not diminish the range of capabilities that the organisation can currently deliver to the front line. As a result, ABRO will reduce its head count to approximately 2,150 posts by 31 March 2006, which includes the potential for up to 246 redundancies.

The changes will realise annual manpower cost savings in the region of £2.1 million in 2005–06, and £8.3 million a year thereafter. As a direct consequence of an announcement made today by Rolls-Royce Defence Aerospace on the outcome of an open competition for future overhaul and component repair on RB199 engine modules, up to 50 jobs will also be lost at the Defence Aviation Repair Agency's engines business unit at Fleetlands in Gosport, Hampshire. The Ministry of Defence has agreed that DARA can now begin the formal 30-day consultation process with the trade unions.

The 2003 defence White Paper recognised that the international situation is radically different from that of the cold war. As a consequence, the size and structure of our armed forces have been subject to a great many changes as our armed forces have adapted to meet the changed environment. The Ministry of Defence is also announcing two such changes today. The cold war radar station at RAF Saxa Vord on the Shetland island of Unst will be put on care and maintenance from April 2006, subject to consultation with the trade unions. That will mean that the station is effectively closed, but that the main operational part of the estate will continue to be maintained should it be required for future use. Further work will be undertaken to consider how much of the remainder of the station will be retained. Radar cover at the level required can be provided by other RAF radars augmented by those of the National Air Traffic Service. Placing the station on care and maintenance means that we can reinstate radar capability should the threat assessment change. Some 70 service personnel, 30 MOD civilians and 10 contractor staff will be affected by the proposal.

I understand that that will be disappointing news for our staff, the island of Unst, which has a population of about 700, and the Shetland islands community. Naturally, I will be happy to work with the Scottish Executive, the local authority and hon. Members to consider any measures within the MOD remit that might help the local community adjust to the proposed change.

As announced on 21 July 2004, ground-based air defence will also be transferred to the Army, and the four RAF GBAD squadrons will be disbanded. I can now inform the House that 37 Squadron RAF Regiment based at RAF Wittering will disband by March 2006, that 16 Squadron, based at RAF Honington, will disband by March 2007 and that 15 Squadron and the RAF GBAD wing headquarters, which is also based at RAF Honington, and 26 Squadron based at RAF Waddington, will disband by March 2008. This phased programme will allow the Royal Regiment of Artillery to take over the pan-GBAD role. The RAF Regiment will now focus on its role protecting other elements of the armed forces particularly on deployment.

As part of those changes, both 3 Squadron RAF Regiment, based at RAF Aldergrove—*[Interruption.]* Hon. Members should be patient, calm down and listen. As part of those changes, both 3 Squadron RAF Regiment, based at RAF Aldergrove and the Queen's Colour Squadron, based at RAF Uxbridge will be expanded by around 40 personnel each to enhance their operational capability to match that of the other four regular RAF Regiment field squadrons. That will improve the units' ability to deploy on operations and so enhance the operational flexibility of the RAF Regiment in its force protection role. Around 340 posts will be lost

[Mr. Don Touhig]

as a result of these changes, which form part of the 7,500 post reductions announced last July. I do not know where Opposition Members were when that was announced. I do not expect any redundancies additional to those announced in the House on 9 December 2004 to result from this announcement.

As a consequence of the decision taken last July, the RAF has conducted an overall review of the structure and basing of the RAF Regiment. As a result of that work, 1 Squadron RAF Regiment will move from RAF St. Mawgan to RAF Honington by March 2007. In addition, 2625 (County of Cornwall) Squadron Royal Auxiliary Air Force Regiment, based alongside 1 Squadron at RAF St. Mawgan will be disbanded with effect from November 2006. That decision has been taken because Royal Auxiliary Air Force Regiment squadrons need to be based alongside regular units to maximise training opportunities and to give auxiliary personnel access to equipment held by the regular unit. With 1 Squadron's relocation, that would not be possible at St. Mawgan. Around 75 reservists will be affected. Members of 2625 Squadron will be offered the opportunity to continue their reservist activities with other parts of the armed forces reservist organisations or with an alternative RAF unit elsewhere.

We are doing everything possible to mitigate the impact on the people affected by these announcements. Our current plans envisage that the majority of reductions will be achieved through a combination of natural wastage and voluntary early release, but some compulsory redundancies may prove necessary. Staff and the trade unions are being kept fully informed of developments through meetings, briefings and formal consultation.

Finally—[HON. MEMBERS: "Ah!"] Hon. Members want the information, and they are getting it—why are they complaining? Finally, the Ministry of Defence is today announcing that the Royal Navy military afloat reach and sustainability—MARS—project has been granted approval to enter the assessment phase of the programme. That is good news for the Royal Navy and for the UK armed forces as a whole. MARS will be a cornerstone of our future worldwide operations, replacing many of the Royal Fleet Auxiliary's existing ships. It will support our new aircraft carriers and the rest of the fleet, as well as deployed amphibious, land and air forces close to the shore.

Where any of these announcements impact on our people, we are doing everything possible to mitigate that impact. Our current plans envisage that the majority of civilian reductions will be achieved through a combination of natural wastage and voluntary early release but, as I said, some compulsory redundancies may prove necessary. There are no redundancies from armed forces staff, and the trade unions are being kept fully informed of developments through meetings, briefings and the formal consultation process.

Mr. Carmichael: I thank the Minister for that substantial answer. I also thank him for his earlier co-operation with me prior to coming to the House today. However, it beggars belief that this information was to be put before Parliament in a written statement. That was surely an abuse of process. I am also disappointed that the Secretary of State himself is not here. I have seen a calling notice from the Ministry of Defence press office indicating that the Secretary of State will hold an off-camera briefing for journalists at 1.30 p.m. If he can brief journalists, surely he should brief this House first.

The news that the Minister brings with regard to RAF Saxa Vord is very bleak for Unst, which is one of the remotest and most economically fragile communities in the country. In a community of 700 people, the loss of 100 jobs and incomes is a devastating blow. Will the Minister assure me that, after almost 60 years, the Ministry of Defence will not simply turn the key in the door and walk away from RAF Saxa Vord? What will he do to ensure that the community is not left to sink? Consultation with trade unions is all very well, but surely there must be consultation with the people most directly affected—the people of Unst themselves.

Will the Minister meet a delegation from my constituency of representatives from the local economic development agencies and the community to ensure that the withdrawal of the RAF from Unst, if it is to go ahead, is done with some sensitivity to the needs and wishes of the local community?

Mr. Touhig: I fully appreciate that it is a bleak statement for the hon. Gentleman's constituents on Unst. I recognise that it will have an impact on the community of 700 people. As I said, we are happy to work with the local authority, the Scottish Executive and the hon. Gentleman to see what can be done to mitigate any decisions arising from the announcement. At present it is for consultation. I assure him that I will happily meet him and any colleagues whom he would like to bring to a meeting, so that we can explore how to co-operate to give assistance to his constituents.

I apologise to the House for my failure in my opening remarks to refer to the fact that I am responding this morning, not my right hon. Friend the Secretary of State. *[Interruption.]* Hon. Gentlemen should wait and be patient. We have time. We do not have to rush this. My right hon. Friend the Secretary of State is in a meeting discussing responses following the bombings in London in recent weeks. The meeting has priority and has long been scheduled. He means no disrespect to you, Mr. Speaker, or the House. He has other Ministers because he has other duties which are also important. It does not in any way minimise the importance of what I have said. Notice of the written statements has been on the Order Paper since early this morning and the statements have been made available.

Mr. Gerald Howarth (Aldershot) (Con): First, on behalf of the whole House, I thank you, Mr. Speaker, for granting the hon. Member for Orkney and Shetland (Mr. Carmichael) the opportunity of bringing the Minister to the House so that he can answer on these important matters. Like the hon. Gentleman, I regard it as a gross discourtesy to Parliament that these important announcements about defence contracts and the restructuring of the Royal Air Force are being sneaked out by way of six ministerial written statements on the last day before the long summer recess. As we have heard, they affect constituencies across the land, from Orkney and Shetland to Cornwall and Gosport. Few Members in the House will not be affected. The Minister's response, which lasted more than 10 minutes,

shows how serious and wide-ranging these announcements are and what a grave discourtesy it is to the House that he has been forced to come here and did not offer a statement in the first place. I am rather sorry for the Minister, who is a courteous gentleman. He has been sent here to do the Secretary of State's dirty work, when the Secretary of State himself should have come to the House to answer these points.

As the hon. Orkney and Shetland said, the discourtesy is compounded by the fact that the Secretary of State has time this afternoon to hold a press conference, at which journalists will be afforded the privilege of cross-examining him—a privilege denied to elected Members of this House. It is unacceptable that we will not have that privilege for a further three months.

Furthermore, although this is not one of a number of ministerial statements today, I understand that there is a proposal to scrap nearly all the instructual flying at our 14 university air squadrons, which have been in existence since 1925. My understanding is that the proposal will take effect from 5 October—five days before the House returns—and that there is to be a briefing at RAF Cranwell next Wednesday when the university air squadron officers commanding will be briefed. I challenge the Minister to tell us whether that is true. What are his plans for the university air squadrons? It would be unacceptable if this decision, which affects about 1,000 students across the land, 60 per cent. of whom go on as pilots to join the RAF, were presented to us as a fait accompli when we return in October.

This is part of the steady war of attrition on the RAF, whose number will soon be reduced to 41,000, half of what it was 12 years ago. There is a shortage of pilots, weapons systems operators and technicians. Although the new Typhoon is slowly entering service, morale is low and the entire Jaguar fleet is being scrapped. Yet in the strategic defence review, which was the brainchild of the present Secretary of State, the Government acknowledged,

"Since SDR, our Armed Forces have conducted operations that have been more complex and greater in number than we had envisaged. We have effectively been conducting continual concurrent operations, deploying further afield, to more places, more frequently and with a greater variety of missions than set out in the SDR planning assumptions".

Hon. Members should note the next words, which are those of the current Leader of House when he was Secretary of State for Defence:

"We expect to see a similar pattern of operations in the future."

In other words, our armed forces are being asked to do ever more with less and less.

Last week in the other place, Ministers were subjected to an unprecedented combined assault from six former Chiefs of the Defence Staff, many of whom the Prime Minister appointed. As Sir Max Hastings says in today's *Daily Mail*:

"There is a crisis of confidence from top to bottom in the British Army."

Britain's armed forces have been poorly repaid for the magnificent service that they have given to the Government. It is time that Ministers repaid the honour that our armed forces bestow upon them.

Mr. Touhig: Let me say again that the Secretary of State meant no discourtesy to hon. Members. I made an error in not explaining at the beginning that the Secretary of State had another commitment and that that was why I am here.

There was no attempt to sneak out the information. Several statements are tabled today, two of which relate to the subject of the urgent question. Clearly, we have sought to ensure that hon. Members have all the appropriate information about the announcements. Hon. Members who remember that the announcements were made last year will know that today's statements today effectively put the meat on the bone of information that had already been given to them to a large extent. There has been no attempt on the Government's part to prevent everyone from having the appropriate and required information.

On the hon. Gentleman's point about me personally, I do not feel that I am being sent here to do the Secretary of State's job. He is well able to defend himself in any circumstances. *[Interruption.]*

Mr. Speaker: Order. I felt that it was my duty to call a Minister to come to the House. The Minister is here, answering the points that the hon. Member for Orkney and Shetland (Mr. Carmichael) wanted to raise. We should not labour the point about which Minister comes before us. The important thing is that we are questioning a Minister of the Crown.

Mr. Touhig: I am grateful, Mr. Speaker.

Mr. Eric Forth (Bromley and Chislehurst) (Con): The Minister is here reluctantly.

Mr. Touhig: The right hon. Gentleman says that I am here reluctantly. Answering to the House for my responsibilities as a Minister is a paramount duty. It is one of my top responsibilities. My right hon. Friend the Secretary of State shares that view. It is what I am paid to do and that is why I am here today.

The hon. Member for Aldershot (Mr. Howarth) asked about university air squadrons. I have no knowledge of the matter that he raised. I shall look into it the moment I return to the Ministry of Defence and if there is anything that I should communicate to him, I will do that as quickly as possible.

Under the Labour Government, our forces have been valued and supported. We have had the longest sustained increase in public expenditure for more than 20 years. I can find no better words than those of the right hon. and learned Member for Devizes (Mr. Ancram), who said last year on 16 December:

"The Opposition agree that there is a need for our armed forces to be more usable."—[*Official Report*, 16 December 2004; Vol. 428, c. 1801.]

The problem with the Opposition is that their hearts tell them that what we are doing is right but they simply do not have the guts to support us.

Mr. David Kidney (Stafford) (Lab): My hon. Friend announced the closure of the storage and distribution centre at Stafford in apparently a little more than a year's time. Does he know that the Defence Storage and Distribution Agency has 43 presences in the United

[Mr. David Kidney]

Kingdom and one high activity centre, which is RAF Stafford? Yet Stafford is to be the first to close. In the context of running a business, I would have thought that the place with the most valuable asset would deserve more attention before the decision was made. Does my hon. Friend realise that it is estimated that more than 2,000 jobs will be lost in the closures at Stafford, Llangennech and Longtown? Does he know that a good half of those jobs are in Stafford alone? Does he appreciate how substantial a blow that will prove to the local economy and what a terrible shock it will be to the people who learn that their jobs are going? Will jobs actually be lost? Can he say anything today about the civilian jobs at RAF Stafford if closure takes place? There is a critical decision to be made—

Mr. Speaker: Order. Supplementary questions must be brief.

Mr. Touhig: I appreciate my hon. Friend's concern. It is a proper concern for a diligent and hard-working Member of Parliament from any party. As I said, job losses will result from the announcement. The proposals are out for consultation with the trade unions. Clearly, hon. Members have a role to play. If they want to make representations about any of the changes and proposed job losses, my right hon. Friend the Secretary of State and I will be happy to receive them before any final decisions are made.

I appreciate that the process is difficult, but I believe that it is the right process for the objectives that we are trying to achieve. However, I also believe that consultation must be genuine, and we want to have a dialogue. Ultimately, we must make the decisions, but decisions are better if they are well informed by local opinion and views from all sides. We will try to take the views of any hon. Member on board.

Bob Russell (Colchester) (LD): I thank you, Mr. Speaker, for ensuring that a Minister was brought here to explain the consequences of one of today's 65 written statements. In the past week, there have been 156 written statements; last week, there were 34. A charitable person might say that the Government were anxious to convey information to hon. Members as soon as possible. However, it is possible that there is an ulterior motive. Perhaps in the last week before a recess, written statements should all be subject to recall, just as you kindly accepted the request of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael).

The Minister gave a roll-call of closures. He said that 37 Squadron RAF Regiment, which is based at RAF Wittering, will disband by March 2006; 16 Squadron, which is based at RAF Honington, will disband by March 2007; RAF GBAD Wing Headquarters, also at RAF Honington, and 26 Squadron, based at RAF Waddington, will disband by March 2008. Those are among the 7,000 RAF redundancies that have been announced. It has also been decided that 2625 (County of Cornwall) Squadron Royal Auxiliary Air Force Regiment, based alongside 1 Squadron at RAF St. Mawgan should be disbanded from November 2006. The Minister said that he was putting meat on the bone. May I suggest that that is butchery?

Mr. Touhig: No, the hon. Gentleman cannot suggest that. I hope that hon. Members will forgive me if I did not adequately present my points, but I thought that I had been clear. In July 2004, we announced that the role of providing ground-based air defence would be transferred to the Army from four Royal Air Force squadrons and that they would therefore be disbanded. The meat on the bone—so to speak—that I have sought to give the House are the details of the squadrons that will be affected by the decision. The decision was already known and the principle should therefore not surprise the hon. Gentleman.

I am not responsible for all the ministerial statements that were tabled today. We have accepted the principle of Ministers making written statements. If there are to be changes to that, it is a matter for the usual channels and House, not for me as a Minister, to determine. I have tried to underpin in my remarks today that, as a Minister, I have a prime responsibility to come here and answer for Government decisions. That is what I am trying to do. There has been no attempt on my part or that of my right hon. Friend the Secretary of State to do anything about which the House should not be made aware. We have made the written statements available in the normal way. If there is a problem with that mechanism, that is a wider issue on which I cannot make a decision. I have sought in every possible way to provide colleagues with this information, and I will continue to work with any colleagues who have queries or worries, so that they can be properly informed about this decision.

Mr. John Grogan (Selby) (Lab): The Opposition spokesman raised the issue of university air squadrons. Does my hon. Friend accept that his inability to give us any information about the future of those squadrons will create great uncertainty in bases such as RAF Church Fenton in my constituency, which depend on the university air squadrons? Will he clarify later today what is going to happen, perhaps by means of a further written statement, because it would be unacceptable if an announcement on that matter were made during the parliamentary recess?

Mr. Touhig: I understand my hon. Friend's anxiety, but I am being asked to comment on some piece of hearsay, or whatever it is on which the hon. Member for Aldershot has based his remarks. I am not in a position to do that. It would be improper for me to mislead the House by pretending that I had that information. I have given an undertaking that I will take the issue up immediately I get back to the MOD, and if there is something that should or could be said, we will say it.

Sir Patrick Cormack (South Staffordshire) (Con): In associating myself with the concerns expressed by the hon. Member for Stafford (Mr. Kidney), may I ask the Minister simply to confirm to those in the House and those outside that the Government had no intention of making an oral statement today, but every intention of briefing the press?

Mr. Touhig: I think that I covered that point earlier—*[Interruption.]* The hon. Member for South Staffordshire (Sir Patrick Cormack) is a respected Member of the House. I treat him with the same respect

with which he treats me, and I will seek to give him an answer. It was intended that there should be written ministerial statements today—

Mr. Forth: That is not the point.

Mr. Touhig: Patience! Just calm down. Those statements would be augmented by briefing in the normal way that goes on right across government—*[Interruption.]* When the Conservatives were in government, they did exactly the same in terms of putting information into the media. That is the right and proper way to disseminate information. The first responsibility of the Government is to give the information to the House, and that is what we did in the written statements.

Mr. Kevan Jones (North Durham) (Lab): The shipbuilding industry in the UK has been given a tremendous boost over the past few years by record investment, bringing back to parts of the north-east shipbuilding that was taken away by the Conservative Government. May I therefore welcome my hon. Friend's announcement on the MARS programme? That project will provide a future for the shipbuilding industry in the UK. Will he give me an assurance that urgent talks will take place with shipbuilders throughout the country to ensure that the necessary skills and capacity exist in the industry to meet the requirements of the MARS programme?

Mr. Touhig: I cannot give my hon. Friend a specific assurance on that point, but in view of the other announcements that I have made today, all these matters will be taken on board so far as the future shipbuilding programme is concerned.

Angus Robertson (Moray) (SNP): So that we may better understand the Government's record on defence, will the Minister confirm that, alongside the amalgamation of Scotland's infantry regiments, since 1997 thousands of jobs have been lost and facilities have closed in Scotland? Those affected include RAF Lossiemouth, RAF Leuchars, RAF Kinloss, HMS Gannet, RAF Stornoway, Fairlie, Rosyth, Machrihanish, and Bin Hill. Hundreds of jobs on the Clyde have also been affected. Is it not the truth that conventional defence is being sacrificed because the Government are more prepared to spend billions of pounds on new generations of weapons of mass destruction?

Mr. Touhig: I am not sure where the hon. Gentleman stands, but I am a passionate Unionist. I believe in the United Kingdom, although I am not so sure that he and his party do—*[Interruption.]* Let me just say to the hon. Gentleman that this Government have a record, of which we can be proud, of supporting our forces, of investing in them, and of ensuring that they are capable of meeting the challenges that they face today. That means taking difficult decisions. The hon. Gentleman is a member of a party that will never be in government and will never have to take any difficult decisions.

Nia Griffith (Llanelli) (Lab): It is with dismay and incomprehension that I find myself asking the Minister to explain why we are facing job losses at Llangennech, where up-to-date, state-of-the-art equipment has recently been installed. Although unemployment levels have come down rapidly in that area in recent years, it is still very much harder to find alternative employment there than in many of the more prosperous areas of Britain. This decision is also out of keeping with our policy of decentralisation. Please will the Minister explain?

Mr. Touhig: I understand my hon. Friend's concerns. I was made aware of them earlier this week by my hon. Friend the Under-Secretary of State for Wales. I ask my hon. Friend to bear in mind that this is part of an overall examination of the support and capability of our forces, and that difficult decisions have to be made in that respect. I understand that it is difficult for her and her constituents in Llangennech. I am sure that she will agree that there are greater opportunities for alternative employment in Wales today as a result of our economy being that much stronger, although that in no way mitigates the difficulties that people will face as a result of this decision. However, as I have said to other hon. Members, we will work as closely as we can with local authorities, local Members of Parliament and others to overcome any difficulties caused by these announcements. They are painful and difficult, but I believe that they are necessary in the circumstances that we face.

Mr. James Arbuthnot (North-East Hampshire) (Con): In recent weeks, we have heard of aircraft being unable to fly because of an absence of spares, pilots having only 15 hours' flying time a month, and training being unable to take place because there is no blank ammunition. The Minister has made an important statement today—reluctantly, I suggest. What change will the things he has announced today make to the deplorable circumstances in which our armed forces are acting at the moment?

Mr. Touhig: The hon. Gentleman—

Mr. Forth: The right hon. Gentleman.

Mr. Touhig: The right hon. Gentleman—I beg his pardon—makes an important point, and I know that he will be carrying out an important task in his new role in the coming months. What we are seeking to do today is to improve the support and opportunities for our armed forces. These measures will release considerable resources for improving our capability on the front line, and they will make the best use of taxpayers' money. These are the tough decisions that we have to consider at the end of the day. As I have said, improved support for our front-line resources in the difficult circumstances in which they find themselves in different areas around the world must be our top priority in the modernisation process. These proposals will release resources so that we can do that better.

Mr. Peter Robinson (Belfast, East) (DUP): May I pluck out the one golden thread from the Minister's remarks and test its strength? He referred to expansions at, among other places, RAF Aldergrove. Will he give the House some details of the nature and extent of those expansions?

Mr. Touhig: At this stage I cannot give the hon. Gentleman the full details, and I apologise for that. The proposals will mean extra job facilities at Aldergrove, and I will ensure that, when we have fuller details, he and others will be given the information as quickly as possible. If he will bear with me, I will ensure that he gets the information.

Mr. Peter Bone (Wellingborough) (Con): Will the Minister tell us what effect his statement will have on morale in the RAF?

Mr. Touhig: What is important is that we recognise that—*[Interruption.]* If hon. Members want me to answer—*[Interruption.]*

Mr. Speaker: Order. A Front-Bench Member should not behave in this manner. A Minister should not be interrupted when he is speaking.

Mr. Touhig: As I have made clear in my statement, there are to be no job losses in the armed forces as a result of these statements. They will affect civilian jobs. I recognise that any decision that we make affecting our forces will have an impact on the morale of everyone in the forces, both serving personnel and civilians. However, I believe that our forces recognise that they have a Secretary of State and a Government who are prepared to back and support our forces with the necessary resources. I am sometimes tempted to be a bit party political about these points—[HON. MEMBERS: "No!"] I am sure I should not, but the hon. Gentleman's party fought an election campaign proposing a £2.6 billion cut in support for our forces. It is appalling to watch the Conservatives crying crocodile tears and wringing out their handkerchiefs today. When they were in government, there were massive cuts in our services, dictated by the fact that they had mucked up the economy. That had nothing to do with the defence of the realm.

Mr. Alan Reid (Argyll and Bute) (LD): The BBC has announced that there are growing fears about cuts at the munitions facility at Glen Douglas in Argyll. I hope that that report is not true, and that there are to be no cuts there. Will the Minister please tell us what his Department's plans are for the future at Glen Douglas?

Mr. Touhig: I am not aware at this time—*[Interruption.]* I am trying to be honest with the hon. Gentleman; he can huff and puff all he wants but I am not in a position to give him an answer. I will consider the question that he raises, and I will return to him as soon as I can.

Business of the House

12.10 pm

Chris Grayling (Epsom and Ewell) (Con): Will the Leader of the House give us the business for the week after the recess?

The Leader of the House of Commons (Mr. Geoffrey Hoon): I am repeating much of what I have set out to the House previously, but it may assist Members of the House if I say that the business for the week after the summer recess will be as follows:

MONDAY 10 OCTOBER—Remaining stages of the Civil Aviation Bill.

TUESDAY 11 OCTOBER—Remaining stages of the Natural Environment and Rural Communities Bill.

WEDNESDAY 12 OCTOBER—Opposition Day [6th Allotted Day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 13 OCTOBER—A debate on combating benefit fraud on a motion for the Adjournment of the House.

FRIDAY 14 OCTOBER—Private Member's Bills.

The provisional business for the following week will include:

MONDAY 17 OCTOBER—Remaining stages of the Transport (Wales) Bill.

I should also like to inform the House that the business in Westminster Hall for 13 October and 20 October will be:

THURSDAY 13 OCTOBER—A debate on e-Government.

THURSDAY 20 OCTOBER—A debate on the work of the Social Exclusion Unit.

Chris Grayling: What will the Leader of the House do to sort out the unedifying mess that we have seen in this place this morning? A Minister of the Crown has been dragged to the House, in response to an urgent question, to make a statement that clearly affects Members in all parts of the House. It is simply not good enough.

What will the Leader of the House do to address the fact that 156 written statements have been rushed out in the last few days before the recess? One cannot help but believe that the Government have not lost their habit of seeking to bury bad news. Will he explain why no statement was made to the House on the changes to the rules applying to special advisers and their relationship with civil servants? This week, that was raised with the Government by the Committee on Standards in Public Life, which stated:

> "Our concern about the 'hole in the corner' way in which the changes were being proposed has been reinforced by the failure to inform parliament or make a public announcement about this amendment to the legislation."

It also stated:

> "Even if the intention is not to extend special advisers' powers, the manner in which the changes have been made could lead to this very perception and consequently a loss of trust in the machinery of Government."

How can the Leader of the House justify the Government's actions in the face of such stinging criticism from our independent standards watchdog?

Despite the events of the past few weeks, Members will now not have the opportunity to question the Government on matters of terrorism, other important national issues or constituency issues until the week beginning 10 October. You will know, Mr. Speaker, that it is important to stress that the recess is much more than a holiday for Members; it is an essential time for us all to do important constituency work. But does the Leader of the House not accept that people outside Westminster will not understand this long gap during which MPs cannot question the Government about what they are doing? Will he now accept that it is time for MPs to be able to table and receive answers to written parliamentary questions right through recess periods, and for the Government to make written ministerial statements as appropriate during recess periods? Will he ensure that that change is introduced immediately?

Mr. Hoon: I am not entirely sure what the hon. Gentleman's point about the number of written ministerial statements is. I assume that he is saying that they should have been made, and that he is not saying that he would have preferred a smaller number, so he has left me in some difficulty as to what his precise point is. After all, each of the Ministers who have made those statements have informed the House, which I assume is precisely what he would have wanted.

On special advisers, a written ministerial statement has been made on that subject, and it is important that the House is kept informed in the normal way.

On the length of the recess, I am a little surprised that this is the first time that the hon. Gentleman has addressed the issue. He made no observation about it when I announced the date of the recess, and he made no observation yesterday in relation to the summer Adjournment debate, when the matter could properly have been raised. I am left with the slight feeling that perhaps only when the *Daily Mail* rang him up and asked him about it did he think that it was appropriate to make a comment—a subject to which I might return next time he complains about a Minister not coming to the House and not keeping it properly informed. It might be that he prefers to see his name in the *Daily Mail* rather than in the pages of *Hansard*.

Mr. David Winnick (Walsall, North) (Lab): I have always been against a 10-week break, but as someone who was on the picket line yesterday, with my hon. Friends and no Tory MPs, may I ask whether efforts will be made before the beginning of the summer recess to try to resolve that industrial dispute? If it is not resolved, is there not every possibility that further action will take place? The cleaners have a very strong case indeed—they are not being treated the same as those who are directly employed by the Commons. Those who jeer should try living on £5 an hour with no holiday entitlement and no pensions. Such hypocrisy is unacceptable in the House of Commons. I am pleased, however, that the House of Commons Commission is apparently to provide better accommodation than the squalid rooms that I mentioned last week. At least that is one step forward.

Mr. Hoon: My hon. Friend has raised this matter repeatedly. On the last occasion, I indicated that I would raise the matter in the House of Commons Commission, which was done on Monday. As he has mentioned, the House of Commons Commission will be finding better accommodation for the cleaners, which is right. As far as the industrial dispute between the cleaners and their employers is concerned, obviously, efforts are being made by the employers to seek an appropriate and satisfactory solution.

Mr. David Heath (Somerton and Frome) (LD): As we enter what I consider to be an excessively long recess, and at the risk of being accused of being the first to call for the recall of Parliament, may I express the hope that there will be no practical impediment to recalling Parliament if events demand that course of action, and that Ministers will find a way of keeping all Members, not just Front Benchers, advised of developments in security matters?

I have just one other question for the Leader of the House, on Iraq. When he was Secretary of State for Defence, whatever our differences, I recognised that he was assiduous in keeping the House informed of developments by making statements. We have British forces in the field, who, sadly, occasionally take casualties. We have a deteriorating situation with, we are told, 34 civilian deaths in Iraq every day, and many people assessing whether Iraq is approaching civil war. And even as cautious an observer as Senator Joe Biden has said:

"It's not a question of 'staying the course' but of changing course".

Can it therefore be right that we have not had a single statement or debate specifically on Iraq in this Parliament? Indeed, the last statement was six months ago, and the last debate more than a year ago. Is not the House entitled to have a view on the conduct of our policy in Iraq?

Mr. Hoon: Clearly, should the House need to return during the previously announced recess, it is important that that should take place. I made it clear that should such a requirement arise, there will be no practical difficulty for the House to reassemble, wherever that might be. The hon. Gentleman, and other Members, will understand what I mean, given that the length of this recess has largely been dictated by the need to improve the security arrangements in the Chamber.

As far as Iraq is concerned, the hon. Gentleman is not entirely fair in being so critical. There has already been a defence debate, which was an obvious opportunity—my recollection is that the title of the debate was "Britain in the World"—to raise the question of Iraq. Only this week, we have had Foreign Office questions, and there are four-weekly opportunities to question Defence Ministers. I do not therefore accept the criticism that there have not been opportunities in this Parliament to deal with the question of Iraq.

Helen Goodman (Bishop Auckland) (Lab): The Leader of the House will be aware that two days ago the Minister for Immigration, Citizenship and Nationality made an important statement changing the treatment of refugees, who will now be given five years' leave to remain instead of immediate settlement. No consideration appears to have been given to the impact of that change on children, who face the prospect of having their lives torn apart twice if the proposal goes

[Helen Goodman]

ahead. Can the Leader of the House assure us that we will have an opportunity to discuss this matter as soon as Parliament returns in October?

Mr. Hoon: I am confident that my right hon. Friend the Home Secretary will have given full consideration to the impact on families. That is a necessary consequence of the very difficult decisions that he and his colleagues have to take. Certainly, however, there will be further opportunities to debate and discuss this matter when the House returns in the autumn.

Sir George Young (North-West Hampshire) (Con): Earlier this year, the House passed legislation—with the support of the Procedure Committee, the House authorities and indeed, you, Mr. Speaker—to enable Parliament square to be restored to its normal peace and tranquillity. Placards remain evident directly opposite New Palace Yard even though we are in a time of heightened security, so can the Leader of the House say when the authorities will carry out the wishes of Parliament and restore Parliament square and the pavement to peace and tranquillity?

Mr. Hoon: The right hon. Gentleman is right to say that appropriate legislation is in place to allow effective action to be taken. Obviously, it is necessary for those responsible for enforcing the legislation to determine the correct balance between people's freedom to demonstrate and communicate their views, security requirements, and hon. Members' need to get on with their work properly and in peace.

Mr. Alan Williams (Swansea, West) (Lab): Is my right hon. Friend aware that George Cubie, one of the House's senior officers, will have retired by the time the House returns after the summer? He has only put in 39 years' service and could not stay on to match my 40, but he beats anyone else in the Chamber today. As Clerk of Committees, he presided over the greatest transformation in the back-up services available to Committees in 25 years, and all the Committee Chairmen are grateful for that. He has been a wonderful source of advice to me and to the other Chairmen here today. We will miss him, as he has been great to work with. Will my right hon. Friend join us in wishing him a very happy retirement?

Mr. Hoon: I am extremely grateful to my right hon. Friend for that question. When the members of the Modernisation Committee spontaneously elected me as their Chairman recently, I was able to pay tribute to George Cubie's work on behalf of that Committee. He has taken forward a very considerable programme of change and I know how widely admired he is by previous members of that Committee and how much the House will miss his services.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will the Leader of the House reflect on the number of written statements issued this week? There have been 156, and that is out of all proportion. Although he has defended that this morning, I believe that he should think carefully about this matter. He has referred to the Modernisation Committee, which agreed that hon. Members should be able to table written questions during the recess. That provision was supported by his predecessor, so why are the Government so opposed to it now?

Mr. Hoon: I make the same point to the hon. Gentleman that I made to the hon. Member for Epsom and Ewell (Chris Grayling). Does he think that there should be a smaller number of written statements, or that written statements should not be made to inform the House of developments in the work of Government Departments? I should have thought that he would welcome the number of written statements and their quality, as they make clear the Government's determination to keep hon. Members fully informed. Obviously, it is important that hon. Members retain the ability to solicit information from Departments during the recess. I am sure that they can take advantage of the generous allowances made available for secretarial facilities and write to Ministers, who would expect to respond.

Mr. Gordon Prentice (Pendle) (Lab): Can we have a debate when we return on the implications for the structure of the NHS of the Government's choice agenda? Does my right hon. Friend understand my despair at the possibility of another restructuring in the NHS? Does he agree that the Government's reluctance to let changes bed down before uprooting them and starting again is positively Maoist?

Mr. Hoon: I am fully confident that my right hon. Friend the Secretary of State for Health and her Ministers are well aware of the significant amount of change experienced by those who work so hard on our behalf in the health service. I recognise my hon. Friend's concern that the NHS should not be in a state of perpetual revolution. It is important that those hard-working people have the opportunity to deal with recent changes and to continue to serve our communities so well.

Mrs. Iris Robinson (Strangford) (DUP): When we return, will the Leader of the House find time for a debate on industrial derating in Northern Ireland? Thousands of jobs will be lost if the Government maintain their present position. Understandably, there is massive concern, especially among small and medium-sized businesses.

Mr. Hoon: I appreciate that this is an important and significant issue for Northern Ireland. I thank the hon. Lady for raising it and I shall ensure that my right hon. Friend the Secretary of State for Northern Ireland writes to her on this subject.

Mr. Ian Austin (Dudley, North) (Lab): Will my right hon. Friend arrange a debate on what is being done to tackle health inequalities? Although increased expenditure in the NHS has produced improvements such as shorter waiting times and better treatment for many illnesses, it has been reported this week that people in my constituency of Dudley, North die an average of eight years earlier than their neighbours in the south of the borough. Such a debate would enable us

to examine the causes in detail and to look at the work being done to tackle such inequalities. We would also be able to determine whether resources are being properly targeted to give my constituents the same quality and length of life as those living elsewhere.

Mr. Hoon: My hon. Friend raises a very important issue and one that is central to the way that the Government are tackling health care across the country. The problem of inequality is precisely why we are spending so much money on the NHS. When we came to office, NHS spending amounted to some £34.7 billion. It has risen to £69.7 billion now, and on present plans is estimated to rise to about £92 billion. That money is specifically designed to ensure that the same standards are achieved across the country. We look hard at best practice in different areas to ensure that that is spread across the whole population. We now have the resources available to make sure that that happens.

Mr. Peter Bone (Wellingborough) (Con): The Government have a formula for funding police authorities around the country, but the funding for Northamptonshire has been £5 million short over the past three years. That has denied the people of the county at least 50 full-time police officers. Will the Leader of the House find time for a debate on that obvious anomaly?

Mr. Hoon: If the hon. Gentleman had been here in 1997 and seen the poor support given to the police and police authorities by the previous Government, it is possible that he would not be making that observation today. I know that there are more police officers in Northamptonshire today than was the case in 1997.

Mr. Bone: That is not the point.

Mr. Hoon: The point is that we have substantially increased police funding and police numbers across the country, including in Northamptonshire. The hon. Gentleman should give the Government credit instead of making carping criticisms.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend will have noted the mocking laughter from Opposition Members when my hon. Friend the Member for Walsall, North (Mr. Winnick) raised the question of the House of Commons cleaners—*[Interruption.]* They are laughing again. However, there is considerable support among Labour Members for a proper, fair and just settlement for the cleaners. What is intolerable is that there is a differential between the conditions for permanently employed House staff and those for contract cleaners. There is no logic in that, and it is outrageous that a person can work here for nine years and yet at no point be offered any pension entitlement. That is what has happened to one of the cleaners I spoke to yesterday, and it is not acceptable in modern Britain.

Mr. Hoon: As I understand it, staff directly employed by the House work in a different capacity and do rather different jobs. Leaving that aside, however, I made it clear in my earlier answer that it is important for the employer and the relevant trade union to negotiate and reach a proper settlement. I certainly encourage them to do so.

Dr. Julian Lewis (New Forest, East) (Con): I want to make it clear that no Conservative Member was mocking the very worthy cause of the contract cleaners. However, we were somewhat amused by the mock heroic efforts of the hon. Member for Walsall, North (Mr. Winnick) to join the picket lines, in a throw-back to the 1970s—

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Shame!

Mr. Speaker: Order.

Dr. Lewis: I think the Leader of the House will be sympathetic to my request for a statement when the House returns. It is about the 8,500 multiple sclerosis suffers who are desperately waiting for the validation of a drug called AIMSPRO, which has been trialled for the last few years. Changes in medical guidelines have resulted in its withdrawal and as a result, those who have witnessed great improvements in their condition now feel all the symptoms returning. Will the Leader of the House do all that he can to look into this matter before the House returns? It is obviously very cruel when those whose condition has improved greatly see their one chance of such improvements becoming permanent being put into reverse.

Mr. Hoon: Every Member of this House is well aware of the suffering that this appalling disease causes—often to friends and family—and of the importance of appropriate treatment. But the hon. Gentleman and other Members know that the availability of prescribed drugs is determined wholly independently by the National Institute for Health and Clinical Excellence, which is independent of Government and makes appropriate clinical judgments in the light of the appropriate medical evidence. It is right that that independent approach to this difficult and often sensitive issue should continue.

Mr. Neil Gerrard (Walthamstow) (Lab): May I return to the forthcoming change whereby those with refugee status will no longer be given leave to remain in the country? I draw the Leader of the House's attention to early-day motion 569, which is in my name.

[That this House is concerned at the proposal in the Government's five year strategy for asylum and immigration to end the practice of granting indefinite leave to remain in the UK to people who are given refugee status and to replace this by up to five years' temporary leave to remain; believes that while this may not be legally incompatible with the provisions of the 1951 Geneva Convention, it is a retrograde step since it reverses the policy of granting indefinite leave introduced by the Government in 1998 without any evidence either that problems have arisen as a result of the current policy or that other countries which grant only temporary leave benefit as a result; is further concerned that the uncertain position this will put refugees in is totally inconsistent with other Government policies to assist the integration of refugees in the UK; further believes that this will

[Mr. Neil Gerrard]

inevitably lead to inhumane decisions when refugee families with children are threatened with removal after living in the UK for several years and establishing family life, leading in turn to further pressure on the immigration appeals system, and the caseload of honourable Members; and urges the Government to abandon this unnecessary change.]

That significant policy change, which will affect a lot of people, was announced in a written statement on Tuesday but it will come into effect on 30 August, so it will be impossible to discuss it in this House before it takes effect. Will the Leader of the House ensure that we discuss it as soon as we return from the recess? It is not satisfactory for such a change to be implemented in the middle of the recess.

Mr. Hoon: I understand my hon. Friend's concern. I have noted the importance of this issue to families, and I know that my right hon. Friend the Home Secretary will want to write to him about it.

Mr. Andrew Mackay (Bracknell) (Con): The security work that will be carried out in the Commons in the coming weeks presents us—both new and older Members—with a unique opportunity to compare the length of the coming recess with the previous broken recess, in which we returned for two weeks in September. If that is true, does the Leader of the House agree that we should have a short debate on this issue when the House returns, followed by a vote, and permanently settle the question of the recess? Some of those who, like me, voted for the House to return for two weeks in September are now having second thoughts. We would appreciate the opportunity for a further debate and vote.

Mr. Hoon: I am grateful to the right hon. Gentleman for his fair approach to this issue. I do not believe that I am breaching the confidence of the Modernisation Committee when I tell the House that it discussed the other day the need to consider the parliamentary calendar and to examine not simply the way in which we work across the day—that has been the subject of many such discussions—but our work across the parliamentary schedule. The right hon. Gentleman has raised an important issue, and as someone who strongly supported the idea of September sittings, I can see that they have not proved as satisfactory as many Members wished. On the other hand, I also recognise the concern, which has been raised today and will go on being raised, about the long period of the recess. Of course, the practical difficulty responsible for such gaps and way in which the previous schedule operated is the timing of the political party conferences. We may well have to address that issue.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Get rid of them.

Mr. Hoon: I know how much Conservative Members are looking forward to their next party conference; Labour Members are probably looking forward to it even more.

Anne Moffat (East Lothian) (Lab): There has been much talk, even this morning, about our armed forces and—rightly—about the conflicts in which we are involved, but we tend to forget about Gulf war victims. The medical condition of a constituent of mine, Mr. Murray Lomax, deteriorated after serving in that war, yet he is having to deal with various loopholes in order to get the benefits to which he is entitled. We should look after the people who helped us then, just as much as we look after those who are helping us now.

Mr. Hoon: My hon. Friend is absolutely right, and I know from my previous experience the efforts that the Ministry of Defence make to provide appropriate medical care, treatment and assistance to all those who serve this country so well.

Mr. Peter Robinson (Belfast, East) (DUP): As the Government have made the fulfilment of their policy in Northern Ireland dependent on a favourable statement from the IRA, will the Leader of the House find time when we return—if that statement is not up to the Government's expectations—for the Government to outline their new policy for Northern Ireland?

Mr. Hoon: Obviously, we all hope that there will be a favourable statement, and that continuing support can be provided to the people of Northern Ireland in their efforts to establish peace and justice in that part of the world. I am sure that if such a statement is made during the recess, there will be every opportunity to debate it on our return.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): First, may I associate myself very strongly with the request from my hon. Friend the Member for Walthamstow (Mr. Gerrard) concerning the change in refugee status and the lack of opportunity to discuss it? I also want to take my right hon. Friend back to two weeks ago, when I asked him to arrange for a debate on the middle east peace process. We are at a crucial point in that process. Israel's withdrawal from Gaza could lead to an agreed two-state solution that is recognised internationally, or Israel might see that as the end of the process and continue to occupy sections of the west bank. That would leave an unviable Palestinian state with sections illegally occupied by Israel, and the wherewithal would remain for further conflict. This is an important issue; may we have an early debate on it?

Mr. Hoon: My hon. Friend is right and, as I told him two weeks ago, the Government not only keep this matter under constant review, but are actively engaged in promoting a settlement on both sides of the argument. We believe that we are having some success and that progress is being made. I can assure my hon. Friend that there will be an early opportunity for the House to discuss this matter.

Mr. Laurence Robertson (Tewkesbury) (Con): May I draw the Leader of the House's attention to this morning's news of the crisis in the African republic of Niger which reported that at least 2.5 million people are affected by a very severe food shortage? The United Nations says that at least 150,000 children could die and according to Oxfam, parents are feeding their children on grass and leaves in an attempt to keep them alive. According to a BBC reporter, fewer than one in 10 of the

starving are making it to the few feeding centres in the region. I appreciate that there is no time for a debate on this matter, but I remind the Leader of the House that two and a half years ago, the Government were a very big donor to the relief package in Ethiopia. May I ask him to make very strong representations to the Secretary of State for International Development about the urgency of this situation?

Mr. Hoon: I am grateful to the hon. Gentleman for raising this issue. I know that my right hon. Friends the Foreign Secretary and the Secretary of State for International Development are closely monitoring the situation in that very difficult part of the world, and I undertake to ensure that they write to him about the efforts that they are making.

Mr. Forth: Is it not becoming obvious to the Leader of the House that we must have an urgent debate on written ministerial statements? His very junior colleague, the Under-Secretary of State for Defence, was dragged here by Mr. Speaker—obviously very reluctantly—to answer questions from a number of Members about matters pertinent to their constituencies. Yet that same junior Minister had the impertinence to hide behind the written ministerial statement, claiming that that seemed an adequate response. It is not an adequate response. Will the Leader of the House therefore undertake to look again at this matter and, if necessary, to get his ghastly Modernisation Committee to look at it, in order to establish that Ministers have a duty to come here properly to answer questions from Members, and not to hide behind written ministerial statements?

Mr. Hoon: Clearly, the House is making some sort of progress when the right hon. Gentleman acknowledges, in however curmudgeonly a way, that the Modernisation Committee does have a role and that he could conceive of something for it to do. I suppose that that is some sort of progress—even modernisation—so far as the right hon. Gentleman is concerned.

The difficulty we face, inevitably, is that Ministers have chosen to make a number of written ministerial statements, which the right hon. Gentleman would no doubt welcome, and I accept and recognise that there is always a judgment to be made about whether a statement should be made in written form or orally. That is a question of judgment, and on the occasion referred to, Mr. Speaker rightly decided that the matter was one that should afford Members an opportunity to ask questions. No one could possible argue against that, and nor did my ministerial colleague.

Mr. Bernard Jenkin (North Essex) (Con): Might the Leader of the House provide time for a debate about the United Kingdom's relationship with the International Criminal Court? When the legislation on that was going through Parliament, we warned that it might give rise to cases against United Kingdom servicemen being taken to the court, but none of us thought in our wildest imaginings that it would lead to charges of war crimes against British servicemen being brought by our own Government. Will he admit that no warning of that was given to the House when the legislation went through, and it would be well worth having a debate on that, perhaps when there is no danger of matters being sub judice?

Mr. Hoon: I am certainly not commenting on any individual case. It may well be that since the time when the hon. Gentleman shadowed on defence, he has not kept up with all the developments. He should know that particular prosecutions are being conducted under English criminal law and by English courts, in the sense that our military courts martial system is part of our own system. They are not being conducted by the International Criminal Court, and simply trailing that across his observations is a deliberate attempt to suggest something that simply will not happen.

May I make one final observation about the hon. Gentleman's efforts, again, to attract headlines by mentioning war crimes? War crimes have been offences against English law since 1957. Although I was very small at the time, I know that there was a Conservative Government in office then.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): On Monday, the Secretary of State for Health published a report by Nigel Pleming QC into the activities of two former psychiatrists working in North Yorkshire at Kerr Haslam. The report catalogued 20 years of systemic abuse against vulnerable women with psychiatric or mental health disorders. It has taken three Secretaries of State to get the report into a published state. It cost £3.5 million to produce. More than 80 women were involved in the abuse, and the report contains a catalogue of failings in the national health service of which we should all be ashamed. Will the Leader of the House make sure that when we return in the autumn there is a full debate on the report and that the recommendations made by Nigel Pleming are acted on?

Mr. Hoon: I apologise for not being familiar with the particular case, but I will ensure that my right hon. Friend the Secretary of State writes a full and detailed account of the Government's reaction to the report.

Mr. Rob Wilson (Reading, East) (Con): Is the Leader of the House aware of the confusion and chaos caused by the Secretary of State for Transport in Tuesday's Second Reading debate on Crossrail? Will he request the Secretary of State to come back to the House to make a statement about the legality of his instruction to the Select Committee on Transport regarding the Crossrail terminuses? I read today in my local newspaper that the Secretary of State has given private assurances to the hon. Member for Reading, West (Martin Salter), which I regard as discourteous to me. I would like assurances that the Committee can consider Reading as the western terminus.

Mr. Hoon: My right hon. Friend the Secretary of State for Transport is the absolute model of clarity and someone who is always extremely courteous to the House and who always sets out circumstances with absolute precision. There was a procedural debate before Second Reading of the Crossrail Bill. I looked at the terms of that debate, and I think Ministers set out the position very fairly, indicating that it was a matter

[Mr. Hoon]

for the Select Committee to consider but saying, very fairly—I am sorry that the hon. Gentleman has not given them credit for this—that in the event of the Select Committee's believing that its terms were insufficient to deal with the range of issues that might be raised, the matter could come back to the Floor of the House and appropriate adjustments be made. I do not think that the hon. Gentleman could have had a fairer response than that from Ministers.

Mr. Philip Hollobone (Kettering) (Con): As the right hon. Gentleman represents an east midlands constituency, he will be aware of the importance of the boot and shoe industry to Kettering, Northampton and the county of Northamptonshire. Does he share my shock and surprise at the written answer from a Department of Trade and Industry Minister that no specific economic assessment has been made of the Northamptonshire footwear manufacturing industry or of the competitive pressures facing the industry from imports? Will he draw that matter to the attention of relevant Ministers, urge that an urgent statement be made in the House when we return, and allow representations from local industry?

Mr. Hoon: The hon. Gentleman raises an important matter affecting his constituency and constituents. I suggest that if he wants such an assessment made, he should write to my right hon. Friend the Secretary of State for Trade and Industry, setting out the position in the normal way.

Mr. Nigel Dodds (Belfast, North) (DUP): May I press the Leader of the House for a general debate in Government time on Northern Ireland when we return? As he knows, it is many years since we have had such a debate, and there are many important issues to discuss, not least those referred to by my hon. Friend the Member for Belfast, East (Mr. Robinson), but also wider issues such as the attack on our education system, the threatened imposition of water taxes and, not least, the continuing anti-Unionist bias in public appointments. May I urge the Leader of the House to take the matter seriously and to hold a debate when we return?

Mr. Hoon: I accept the importance to the House and to the country of there being such a debate on Northern Ireland. I do not accept all the observations that the hon. Gentleman made in support of his request, but I know that my right hon. Friend the Secretary of State for Northern Ireland is anxious to keep the House as informed as possible of important developments in Northern Ireland.

Greg Clark (Tunbridge Wells) (Con): As we commemorate the 60th anniversary of VE day, may I ask the Leader of the House to promise an early debate on the national health service treatment of war pensioners? That is of particular concern to Mr. Harry Talbot in my constituency. He is 90 and has a war wound to his leg, yet he has had podiatry care withdrawn after many years, on cost-cutting grounds. Does the Leader of the House agree that our heroes deserve better than that?

Mr. Hoon: There has always been a debate in this country about whether we should treat war veterans—those who have given distinguished service on behalf of this country—as a separate category in terms of our overall national health service. The hon. Gentleman will be aware that that is the case in other countries, but generally that is so because their health care provision is not made on the universal basis on which we provide it in this country. The specific answer to the hon. Gentleman is that we endeavour to ensure that everyone, whether or not they have had a distinguished war record, is given the very highest standard of treatment in our national health service. At the risk of repeating myself, that is why the Government have devoted such significant extra resources to the NHS to ensure that standards are not only maintained but improved.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): People in my constituency feel very passionately about democracy. They take voting very seriously. When our former Member of Parliament defected from Labour to the Liberal Democrats, people were very angry, particularly schoolchildren who are learning about politics and who want to protect democracy. Will the Leader of the House give us a debate on my early-day motion 619?

[That this House notes that an honourable Member who defects is not representing the wishes of the electorate who voted for them; believes that an honourable Member who decides to defect must fight a by-election within three months on switching parties in order that the electorate may choose whether to follow their lead; and calls on the Government to approve such a precedent.]

To protect our democracy, it is vital that hon. Members who defect should fight a by-election.

Mr. Hoon: That is an interesting observation. As someone who studied history long before he studied law, I can invite the hon. Gentleman to look, perhaps, at the career of one of our greatest parliamentarians and greatest Prime Ministers. Sir Winston Churchill did, from time to time, leave one party and join another.

Mr. Dennis Skinner (Bolsover) (Lab): Then he went back.

Mr. Hoon: Indeed, he went back, which is perhaps relevant to the particular case in question, though not too relevant. The hon. Gentleman will also be aware if he studies that period carefully and the career of Sir Winston Churchill that in those days upon ministerial appointment by-elections had to take place—not something, I assure him, that I recommend to the House.

Sandra Gidley (Romsey) (LD): The local acute hospitals trust in my constituency is planning to cut beds and move people into the community, but the local primary care trust is consulting on a plan to close all beds in Romsey and the New Forest. Given the deficits and the fact that cuts in district nursing services are also

threatened, will the Leader of the House ask a Minister to come to the Floor of the House and explain to Members of Parliament in Hampshire just who has their eye on the bigger picture?

Mr. Hoon: Again, without wishing to repeat the statistics, the Government have put enormous resources into our national health service. It is important that those resources are not described as cuts, in the way that the hon. Lady suggested. Inevitably, that extra spending requires that the money be used in the most efficient and effective way possible. We are looking to provide high standards across the country, including in the hon. Lady's constituency.

James Brokenshire (Hornchurch) (Con): Will the Leader of the House find Government time when we return from the recess to debate the practical effects and implications of the Licensing Act 2003? In my constituency I have a significant number of pubs in the town centre that want to stay open until very late into the night, indeed the early hours of the morning, which has caused great concern among not only my constituents but the local police, who are worried about the effect that it may have on violent crime, antisocial behaviour and nuisance, especially as there is no public transport to get people home at that time in the morning. The Minister for Policing, Security and Community Safety said on the radio this morning that the licensing law was still under review. Will the Leader back that up by having an urgent debate on the issue when we return in October?

Mr. Hoon: The hon. Gentleman has made a good point, and perhaps by implication another one: these issues are best left to the wisdom of local communities. People in the community can make judgments about the wisdom of the lateness or otherwise of licensing hours. There will undoubtedly be some parts of the country where such late opening is welcome, subject to the appropriate policing. In other parts of the country it may be less welcome and appropriate. The hon. Gentleman asks for a debate in Government time, but there is an Opposition day available in the first week back. I am sure that he can use his considerable new-found influence to persuade those on his Front Bench to devote that time—they have yet to decide what the debate will be about—to that important question.

Pete Wishart (Perth and North Perthshire) (SNP): With the announcement today of the shedding of so many defence jobs, affecting so many hon. Member's constituencies, surely it is right and proper that a Minister should come to the House to make that announcement and that it should not be made as one of 65 written statements. Will the Leader of the House assure me that when announcements of such significance are made in future a Minister will volunteer to come to make a statement to the House?

Mr. Hoon: I think that that question has been dealt with at some length and in some detail. A Minister came to the House and answered questions about the announcement in some detail. I cannot add more to what has been said already, not least by Mr. Speaker.

David T.C. Davies (Monmouth) (Con): The Leader of the House will be aware that the organisation charged with promoting gender equality is the Equal Opportunities Commission. A look at its website shows that of its 17 most senior members of staff only four are men. In Wales, where I come from, of the 50 people employed by the EOC only about five are men. Can we have a debate on the workings of the commission so that we can find ways of encouraging it to start practising what it preaches?

Mr. Hoon: Earlier in my career I once had the privilege of working with Barbara Castle. I recall that when she was asked why as Secretary of State for Social Services she maintained the differential retirement ages at 60 and 65, she said that it was to redress the imbalance of thousands of years.

Personal Statement

12.54 pm

Tony Baldry (Banbury) (Con): With your permission, Mr. Speaker, I should like to make a personal statement. The Committee on Standards and Privileges has today published a report concerning me and it has requested that I make an apology to the House by way of a personal statement. This I readily do at the earliest possible opportunity.

The complaint to the Parliamentary Commissioner for Standards followed the publication of two articles in *The Sunday Times* last March that made a number of allegations about my conduct. By far and away the most serious allegation was that I had sought to use my parliamentary position as Chairman of the Select Committee on International Development to obtain or to attempt to obtain some personal financial gain. In respect of this matter, the commissioner found in his report that there had been no indication whatever in the course of his inquiries that I had sought to exploit my position as Chairman of the International Development Committee to further my private interests.

The commissioner did, however, find that I had breached the code of conduct in a number of respects; that in certain instances I got it wrong. No one is sorrier than me for that. For what I got wrong, I said in person on Tuesday to the Committee on Standards and Privileges that I was very sorry and I repeat to the whole House that I am very sorry.

The Committee in its conclusions says that my case illustrates the importance, not least in terms of public perception, of Members scrupulously separating, and being seen to separate, their public role from any private business interests. The Parliamentary Commissioner says in his report that he does not believe that I set out to exploit my public position for personal advantage, but he took the view that I failed to exercise sufficient care in distinguishing my public concerns from some of my private interests. I accept that judgment.

The Committee was in particular concerned about a letter that I wrote to the Secretary of State for International Development, which it concludes breached the advocacy rule. May I say that I apologised in person to the Secretary of State face to face back in April for anything that I might have got wrong in my letter to him, and I am confident that the Secretary of State accepted that apology in the spirit in which it was given.

In respect of my letter to the Secretary of State and other matters of concern, I have been given the opportunity to explain my actions. That I have done in detail. My explanations are in the report for the House and for anyone to see. My letter to the Secretary of State was clearly very poorly written, as it has led to a number of misunderstandings, but I have to accept, as I wrote the letter, that the consequence of those misunderstandings fall to me and, as I said to the Parliamentary Commissioner, I fully accept that the perception of an MP's conduct is important. The Parliamentary Commissioner and the Committee have concluded from their reading of my letter that I breached the rules, and I of course accept their judgment. That was most certainly not my intention.

I do not believe that there is anything in the Commissioner's findings or the Committee's report that suggests that I have done anything ignoble, dishonest or discreditable. In that I got matters wrong, I have at the earliest possible opportunity apologised in person to the Secretary of State and apologised in person to the Committee on Standards and Privileges, and now I say sorry to the House. I hope that the House will accept this as a heartfelt and unconditional apology for what I got wrong. I hope that any fair-minded person reading the commissioner's report will conclude that what I got wrong was by way of inadvertence and omission rather than through any deliberate attempt in any way to abuse my position as a Member of this House.

Point of Order

12.58 pm

James Duddridge (Rochford and Southend, East) (Con): On a point of order, Mr. Speaker. Earlier today, rather than reply to my question, the Secretary of State for Trade and Industry said that he had placed a report on energy security in the House of Commons Library. I have been to the Library and it has no such report. I would appreciate your advice on what can be done to protect hon. Members from this sharp practice.

Mr. Speaker: Order. We have to watch our language and, "sharp practice" is a bit strong under the circumstances. Let me look into the matter and we will see whether the report can be put in the Library.

Orders of the Day

London Olympics Bill

Order for Second Reading read.

12.59 pm

The Secretary of State for Culture, Media and Sport (Tessa Jowell): I beg to move, That the Bill be now read a Second time.

I wish to take this opportunity to place on the record the warmest congratulations of—I hope—the whole House to Seb Coe, Keith Mills and the whole 2012 bid team, including Barbara Cassani, who chaired the bid for the first year, on the excellence of their campaign and the result of which we are all so very proud.

The decision made by the International Olympic Committee on 6 July can change this city and this country forever. It awarded London the greatest prize that sport can bestow. The moment that Jacques Rogge opened that envelope will be one that millions remember for the rest of their lives. An act that appeared to take an age took in fact only a few seconds. Then we heard the simplest of statements: that it was "London", and that was sheer magic.

The very next day, however, that euphoria turned to agony. The events of 7 July will forever be linked to, and help to define the spirit of, the 2012 Olympics in London. Those two days showed the world, in different ways, the very best of London. On 6 July, in Singapore, the world saw—directly personified in the presence of those 30 young people, representing 20 nationalities, from Langdon school in Newham in the east end of London—the tolerance and diversity that is London. They also saw a statement of our ambition for the future, which is not just to host the greatest sporting event in the world for 17 days but to unlock the ambition of millions of young people up and down our country—a real legacy for both capital city and country. In London the next day, and ever since, the world has seen the resilience of Londoners again, linked to a determination that the grief, the mourning and the outrage of the terrorist attacks will not translate into division or hate and to continue as the city of tolerance that has so defined us to the rest of the world.

Why was it that we won in Singapore against—as many would say—all the odds? There is a simple answer to that question. The IOC was moved by the spirit so clearly articulated and represented in our bid and the presentation to its members. The IOC realised that for London the games were much more than 30 days of Olympic and Paralympic sporting excellence. For London, the games are a chance to transform one of the poorest and most deprived parts of our capital city; to inspire millions of children with dreams of sporting success; to launch a nationwide cultural festival; and to unlock sporting talent, both at home and abroad.

On the strength of our bid to host the Olympic games, we have also begun a programme of sustained support and investment in our young athletes, with the development of the talented athlete scholarship scheme—TASS—and 2012 scholarships. We will bestow on our most talented young people the financial support that they need to realise their potential and to fulfil their ambition.

[Tessa Jowell]

We look back on a legacy of too much wasted sporting talent, especially in the children of families who are without the financial and other means to devote to nurturing the kind of talent that could become world class. There are too many children whose talent has never been developed, simply because their families could not afford the cost of their ambition. The talented athlete scholarship scheme and 2012 scholarships are direct and practical ways to address that problem. We celebrated the success of our gold medallists at the Athens Olympics, but we should remember that five of those medals were won by a combined margin of less than half a second. That is why, if we are serious about ensuring that talent and potential are realised, those two schemes are so important.

The results are already impressive. At the Amateur Athletics Association under-20s national indoor championships this year, TASS athletes won six gold medals, seven silver medals and six bronze medals. As one TASS athlete said:

"As a student I am continually worried about money. At least now it should be easier for me to train and compete without worrying about paying for it."

Two weeks have passed since we were awarded the games and we know that our focus now has to be on delivery. There is no time to waste. Much of the effort and a substantial share of the resources spent on bidding for the games were focused on preparing for delivery. I am delighted to announce today that the Government have already taken the first major step in the development of the best ever Olympic park in Stratford. I have today given the London Development Agency the go-ahead to start the massive construction and regeneration programme that will shape the Olympic park to be ready in seven years' time. The first step is the undergrounding of the power lines that blight the Olympic park and the lower Lea valley.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Now that the Secretary of State has introduced the subject of money, can she give us—as she develops her argument on the Bill—her estimate of the total cost of the entire project and some idea of the cost to London council tax payers per year, and for how many years?

Tessa Jowell: The answers to both parts of that question have already been clearly set out in the submissions to the IOC and before the House. We have before us a once-in-a-lifetime opportunity, not just to develop excellent Olympic facilities, but—working closely with my right hon. Friend the Deputy Prime Minister—to deliver sustainable communities and a powerful legacy for one of the most deprived areas of Britain. I pay the warmest tribute to the Deputy Prime Minister for the imagination that he has shown in understanding the potential of the Olympic development for the east end of London.

Richard Ottaway (Croydon, South) (Con): I apologise to the Secretary of State if she was planning to discuss this point, but when she addresses regeneration will she consider the several hundred businesses that will have to be displaced? Many of them feel that the level of compensation they are being offered is inadequate. Will she give an undertaking to look at the issue and ensure that no one loses out in that process?

Tessa Jowell: I believe that the figure is lower than 700—

Richard Ottaway: Several hundred.

Tessa Jowell: It is about 350. The matter is one for negotiation between the LDA and the businesses concerned, and I am aware of the progress of those negotiations.

The Government were clear and consistent in their support for London's bid, and I also pay tribute to all the major political parties in the House who were such strong and consistent supporters of the bid—

Pete Wishart (Perth and North Perthshire) (SNP) *rose—*

Tessa Jowell: With the exception of the hon. Gentleman.

I underline the importance of cross-party support and consensus in securing the bid but it is absolutely clear that we cannot bid for, win or stage the Olympic games without clear and unequivocal Government support.

Mr. Sadiq Khan (Tooting) (Lab): I am slightly concerned about the magnanimity shown by my right hon. Friend. The hon. Member for Twickenham (Dr. Cable), who is not in the Chamber today, is the shadow Chancellor for his party. He said:

"London badly needs better transport and more police. It does not need the Olympics."

He also objected to people in Twickenham paying for facilities in the east end of London, some of which will be used for only 18 days and then demolished. Does my right hon. Friend agree that we do not mind everyone jumping on the bandwagon as long as they can eat some humble pie?

Tessa Jowell: I can assume only that the hon. Member for Twickenham (Dr. Cable) was not speaking for his party, but it would not be the first time that we have heard a chorus of different voices from that party—the flexible approach to policy.

Several hon. Members *rose—*

Tessa Jowell: I shall allow more interventions later but I want to make some progress, as many people want to speak in the debate.

I may be counting my chickens but I believe that the Bill is evidence of cross-party support for the games and of our determination to get moving with their staging, to set up the structures to deliver them and to make sure that the public interest is protected and that public money is properly spent, so that the 2012 Olympic and Paralympic games are delivered on time and within budget.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Investigations by Robert Booth, a freelance journalist,

showed that towards the end of 2003 a heads of term agreement was reached between the London Development Agency, acting on behalf of the bid team, and Stratford City Developments that neither would frustrate the planning applications of the other. At the time, Sir Stuart Lipton was a director of Stratford City Developments and also chairman of the Commission for Architecture and the Built Environment, which was conducting a design review of the Olympic bid team's proposals. There is no evidence that Sir Stuart took part in the design review, but does it not show the need for complete transparency in all the many public-private sector arrangements that will be needed to deliver the project? There should be proper parliamentary scrutiny of such arrangements.

Tessa Jowell: I have noted my hon. Friend's intervention and I shall be happy to write to him further. The important thing is that substantial sums of public money and, through the lottery, of the public's money will be invested in the games.

Mr. Forth: How much?

Tessa Jowell: The public sector undertaking in relation to the staging and to building the infrastructure is £2.375 billion. There will be additional investment arising from regeneration in the area immediately surrounding the Olympic park and further investment in London's transport structure, so the long-term benefits for London will be considerable. No one could deny that transparency has already been established in setting out the costs of the games.

Several hon. Members *rose—*

Tessa Jowell: I shall give way to the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), but that is the last intervention I shall take for quite some time.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I am grateful to the Secretary of State for allowing me to intervene. I am extremely pleased to see Lord Coe in the Gallery this afternoon—

Mr. Deputy Speaker (Sir Michael Lord): Order. May I explain to the hon. Gentleman and to the House generally that we do not normally refer to people outside the Chamber during debates?

Daniel Kawczynski: I apologise, Mr. Deputy Speaker.

The Secretary of State is talking about London, which is the key part of the Olympic bid, but places throughout the country want to take part in our great success, and in Shrewsbury we hope that we can host a rowing event on the River Severn, so will the right hon. Lady discuss how Shrewsbury and Shropshire can take part?

Tessa Jowell: I thank the hon. Gentleman for that question. I note that he joined the tribute that I made to Lord Coe and his colleagues at the beginning of my remarks. If he can contain himself, I shall come back to the point about the importance of the whole UK benefiting from London's hosting the games.

I want to set out for the House the shape of the Bill. The Bill does three things: it creates the public body that will get London ready to stage the games—the Olympic delivery authority; it provides the powers needed to meet IOC requirements for the way that the games and the Olympic environment are managed; and it provides the Mayor with an Olympic-specific power so that he can meet his obligations as the signatory to the IOC's host city contract. I shall provide an outline of the scope of the legislation in each of those areas, before describing in more detail how some of the clauses will work.

The Olympic delivery authority will be the body that manages the Government's interest in the Olympic construction project and the public money going into it. It will make sure that the necessary infrastructure is in place by 2012, and that all the venues are built. Clauses 3 to 6 and schedule 1 allow for the authority to be created, grant it the necessary powers and functions and specify how it will be structured, organised and funded. Clauses 8 to 16 deal with transport, and establish the ODA as the co-ordinating authority for the Olympic transport plan. Existing transport authorities will be under a duty to co-operate with the ODA in order to implement the plan and to deliver Olympic transport services.

The Bill also provides for the creation of an Olympic route network and the ODA will be able to issue traffic regulation orders on that network; for example, to establish Olympic lanes or parking restrictions. Obviously, the authority's role will need to evolve over time. Before 2012, the ODA will focus on acquiring land—80 per cent. of which is already under public control—constructing venues and planning transport.

Ian Lucas (Wrexham) (Lab): Will the authority have an obligation to pursue sustainable development in its operations? This is a huge opportunity for a low-carbon games. In my constituency, we have a major manufacturer of solar cells. We have a vital opportunity to develop a showcase for that industry, and to catch the imagination of the general public and deliver a low-carbon games.

Tessa Jowell: I am grateful to my hon. Friend for his intervention. Sustainability was one of the key characteristics of the bid when it was presented to the IOC back in February and it is certainly a very clear criterion that the Deputy Prime Minister will be looking to address in all the regeneration investment that will be going into the Olympic park.

Jeremy Corbyn (Islington, North) (Lab): Will the Secretary of State give way?

Tessa Jowell: I want to make progress, if I may.

After the games, the Olympic delivery authority will take charge of reconfiguring the venues. That is vital, because of our intention to use the Olympics as an opportunity to create facilities with a lasting purpose, not just in London but right across the UK. Indeed, a number of facilities, such as swimming pools and indoor arenas, will be relocated from the Olympic park to other

[Tessa Jowell]

parts of the UK. This is an absolutely critical issue in meeting the very high legacy threshold that we have set in judging the success of the games.

The ODA will have a small board containing between seven and 11 people who will provide expert advice and oversight in each of these areas. There will be direct lines of accountability to the Secretary of State, who will make board appointments and have the power to direct the ODA if necessary.

We have discussed these arrangements with the Office of Government Commerce, which is satisfied that they are fit for purpose. The OGC will be engaged throughout the process in ensuring the most rigorous oversight of the tenders and then of the contracts as they are let. The ODA will also be the planning authority for the Olympic park. To ensure propriety, decisions on planning applications will be taken by a discrete planning committee. The committee will follow the model established by the urban development corporation.

Mr. Kevan Jones (North Durham) (Lab): I congratulate my right hon. Friend on the work that she did to secure the success of the Olympic bid, but in terms of being able to spread the benefits of the Olympics around the country, can she also give consideration to the fact that, if contracts are going to be let, regional development agencies should be involved in this process so that companies in the regions might access all the work that will come out of the Olympic bid?

Tessa Jowell: My hon. Friend is absolutely right and it is for that reason that we have on the face of the Bill given regional development authorities a responsibility in this respect, which would by implication extend not just to bidding for contracts but to seeking to maximise the tourism benefits of the Olympic games to their region. This is all part of the intention to ensure that the whole UK benefits from the games; obviously the games will have the greatest economic impact in London but we hope that by purposeful policies, starting early, we can spread those benefits throughout the UK.

Ms Sally Keeble (Northampton, North) (Lab): Northampton is in the middle of one of the Government's growth areas and therefore well placed to help with the regeneration process. Will my right hon. Friend ensure that towns that might want to provide training facilities, provide support for teams or provide premises for different sports will be able to access the guidance and be on an absolutely level playing field for bidding to be part of this enormously successful project?

Tessa Jowell: In addition to the role of the regional development agencies, which I have outlined, the nations and regions committee that was established by the bid team will continue to underpin the efforts to secure the maximum UK-wide benefit of preparation camps and the other potential opportunities that I have outlined, and I am sure that my hon. Friend, who is a passionate advocate for her constituency, will ensure that people in Northampton have a chance to secure some of those benefits.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will my right hon. Friend give way?

Tessa Jowell: No; I am going to make some progress.

The Olympic delivery authority will be the planning authority for the Olympic park. As I said, to ensure propriety, planning decisions will be taken by a discrete planning committee.

Mrs. Jacqui Lait (Beckenham) (Con): Before the Secretary of State moves on, will she give way?

Tessa Jowell: No.

The importance of the ODA to the Olympic project is evident—a single body with a clear task, accountable to Parliament. The ODA will be a time-limited body, focused on delivering the London games, and clause 7 therefore provides for the Secretary of State, having consulted the Mayor, to lay an order to dissolve the ODA at that stage.

I shall now turn to the way in which the legislation seeks to meet the clear requirements that are set down by the International Olympic Committee. It will be equally important that there is careful management of the Olympic environment during the games to fulfil the commitments that have been given in London's bid book.

The ODA will co-operate with local authorities to ensure that the streets are kept clean and well lit and will be able to step in to do that work itself if necessary. It will also have a role in enforcing the regulations that restrict unauthorised advertising and trading around venues. Those regulations will be needed to comply with the requirement of the host city contract. Clauses 17 to 31 and schedules 2 and 3 aim to restrict the commercial exploitation of the games in five ways: by updating the existing Olympic symbol protection legislation, for instance to include protection for the Paralympic symbols; by providing additional protection against ambush marketers who try to associate themselves unfairly with the games, by using words like London, summer and 2012; by allowing regulations to be made restricting unauthorised advertising around Olympic venues; by allowing the same sort of regulations to be made restricting unauthorised street trading; and by making ticket touting a criminal offence in relation to Olympic events. These provisions all reflect the commitments made in London's bid documents to meet the requirements of the IOC's host city contract.

I turn now briefly to the Mayor's powers. It was the Mayor of London, along with the British Olympic Association, who signed the host city contract with the IOC; and to provide absolute clarity that the Mayor can honour his commitment, clauses 32 and 33 will give the Mayor a specific Olympic power to comply with his obligations under the contract and to prepare for and manage aspects of the London Olympics. Clause 33 also provides that the GLA's Olympic power can be switched off by the Secretary of State.

I have set out for the House the way in which the Bill will meet the particularly stringent IOC requirements in relation to the control of advertising, with criminal sanctions to enforce breaches, and I have set out the role of local planning authorities—

Mrs. Lait: Please give way.

Tessa Jowell: I will give way on planning.

Mrs. Lait: I am most grateful to the right hon. Lady because this could reduce the length of my speech. Under clause 4, which refers to the ODA's planning powers, she herself said in her earlier comments that the LDA is in negotiation with roughly 350 businesses at present, but under the terms of the Bill the ODA has to implement the current planning guidelines. That means that there is a limit to the negotiations. Is she saying that the planning legislation overrides the negotiations that the LDA is currently undertaking, such that 350 businesses could well go out of business because they cannot get the proper value that they should get?

Tessa Jowell: I think, with respect, that the hon. Lady is confusing two things. The LDA is negotiating relocation with up to some 350 businesses and I do not wish to be drawn on detailed negotiations of a contractual nature. The LDA is the proper body to negotiate with those business and to secure a satisfactory outcome. That is the point. This does not impact on the planning powers of the ODA.

Clauses 21 and 22 set out the role of the ODA and of local planning authorities. There are further powers relating to the control of street trading in the vicinity of Olympic venues and sanctions to curtail that. Consistent with the IOC's requirements, clause 29 makes ticket touting a criminal offence specifically in relation to the 2012 games.

I have mentioned the importance that the IOC attaches to the protection of Olympic symbols. That protection is extended in clauses 30 and 31. Clause 31 and schedule 3 create a specific event association right in relation to the 2012 games. The measure is designed to prevent people from using innovative ways to associate themselves with the games but without using specific protected words or symbols.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will the Secretary of State give way?

Tessa Jowell: I shall move on to reaffirm and underline the importance of the points made by a number of hon. Members in interventions about the benefits that we hope will extend to the whole United Kingdom. In clause 34, regional development agencies are given a new purpose—to prepare for the London Olympics.

Mr. Love: I add my voice to the congratulations to my right hon. Friend on the role that she played in winning the bid. A number of provisions in the Bill are designed to ensure that the priority is to deliver the games by 2012. Is she confident that the Bill contains enough protections to safeguard the regeneration aspects of the development, so that the focus is not exclusively on delivering the games?

Tessa Jowell: I thank my hon. Friend for his intervention and pay tribute to his advocacy of the Olympic bid and the regeneration of the lower Lea valley, which will bring great benefits to his constituents. He has been an advocate for many years when the Olympic bid did not have many friends to call on. We would miss the opportunity of a lifetime if regeneration were not inextricably linked to the purposes of the creation of the Olympic park and the lower Lea valley. I can assure my hon. Friend of the priority that is given in the Bill to regeneration.

Jeremy Corbyn: My point is about regeneration and the protection of existing communities. In the boroughs surrounding Stratford and the other sites, there are many very poor people. There are also many artistic communities that have limited and low cost facilities. Will the Secretary of State ensure that the games do not end up with a succession of yuppie flats and developments, and that the beautiful people and the rich do not move in after the games and take over the whole area, and that instead it will be of real benefit to the poor and needy of north and east London, who should not suffer because of the games, but should benefit from them?

Tessa Jowell: I thank my hon. Friend for that important point. I hope he will be reassured in part by the fact that the Olympic village will represent a substantial contribution to London's affordable housing. Working with the communities around the Stratford park and the lower Lea valley has been an important part of the bid's approach to date, and it will continue, because of the risks that my hon. Friend outlined.

The last time the Olympic games were held in London, it was against the backdrop of a world devastated by war and a country looking for inspiration. In 1948, just over 4,000 competitors from 59 different countries competed. School buildings were used to house athletes. A temporary track was built at Wembley stadium and many Government buildings were converted to temporary uses. The games could be watched on television only by those who lived in Britain. Athletes were asked to bring packed lunches. Despite all that, the games were a success. Three years later, the nation celebrated the Festival of Britain. The festival raised the nation's spirits while promoting the very best in British art, design and industry.

Sixty years later, the 2012 games will be very different. They will probably be the biggest ever staged. They will be held in a brand-new Olympic park with nine world-class sports venues. Over 11,000 athletes from 200 countries will compete and will be watched by 4 billion people across the world. They will create a legacy like no other in Olympic history. They will leave behind the biggest urban park built in Europe for 150 years, 3,600 new homes—affordable homes—12,000 new jobs, three new schools and a generation inspired to get active by the opportunities of sporting excellence. The games will create economic opportunities across the UK, billions of pounds worth

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of contracts, and a huge boost to tourism and the UK's global exposure. Training camps for athletes will be spread around the nation.

Pete Wishart: Will the right hon. Lady give way?

Tessa Jowell: I give way to the hon. Gentleman only because, if I did not, it would lead to an allegation of cruelty to Scots.

Pete Wishart: I have been waiting patiently to say something nice to the right hon. Lady. May I say on behalf of the Scottish National party how sincerely and wholeheartedly we congratulate London on securing the games? It is incumbent upon her to match the rhetoric and demonstrate that it truly was a national UK bid. Now that we have secured the games, may we consider the ludicrous funding arrangements—the £1.75 billion of lottery money, which will deprive the grassroots sports organisations that we require to do well in 2012?

Tessa Jowell: I thank the hon. Gentleman for that intervention, which was well worth waiting for. He has been consistent in at least one respect—his opposition to using lottery funds to meet the costs of the Olympics. That will not change. That is the way the public contribution will be met, in large part. However, I welcome his conversion to the value of the games, not just to the people of London, but to those of Scotland as well. I thank the people in Scotland who have throughout recorded their strong support for the games coming to London. That was an important and persuasive part of the case that we presented to the International Olympic Committee.

Throughout the country, we will see training camps for athletes. In the run-up to the games, the torch relay will sweep the country, heralding the start of a nationwide cultural festival. There will be music, comedy, fireworks, carnivals and a special Olympic Prom, all to embody the bid's major themes of voyage, exploration and exchange.

Delivering the 2012 games and Paralympic games will be a challenge like no other. I am sure that in the years ahead we will see, perhaps in all parts of the House, doses of scepticism as the plans for implementing the games are rightly subject to scrutiny. I hope, however, that that healthy scepticism will not tip over into unhealthy cynicism.

As a nation, we have an opportunity that we must seize—an opportunity to deliver tangible facilities and transformation to one of the poorest parts of our country, and to bring changes in the quality of life of the people who live there that they could not have dreamed of. We also have other, more intangible opportunities to seize—to express pride in our country, to express solidarity, to celebrate the tolerance in our diversity, and to be guardians of the dreams of millions and millions of young people. That is a prize which, I hope, will continue to unite the House in the years between now and 2012. I commend the Bill to the House.

1.40 pm

Mrs. Theresa May (Maidenhead) (Con): I begin by echoing the comments that I made in this Chamber on 6 July when the Secretary of State was in Singapore. The congratulations of the whole House are due to my noble Friend Lord Coe on his inspirational leadership of the bid team and in securing the London 2012 bid. But congratulations are also due to all those involved in putting the bid together, including Ministers and officials in the DCMS, and the Prime Minister for his personal commitment to the bid.

It is important that there is real support for the Olympics and Paralympics on both sides of the House. The intervention of the hon. Member for Perth and North Perthshire (Pete Wishart) on behalf of the Scottish National party suggests that we have indeed obtained the support of all parts of the House.

Mr. Charles Walker (Broxbourne) (Con): Will my right hon. Friend give way for just a moment?

Mrs. May: On the basis that my hon. Friend said that he would be nice, I will give way.

Mr. Walker: I would love to be nice to the Secretary of State because I am from Broxbourne and we are absolutely delighted to have got the canoeing. May I congratulate the Government and everybody who played a part in bringing the Olympics to London and just north of the M25 to Broxbourne, which is fairly near Scotland, but probably not near enough? May I make one plea, because it is very important that the Olympics are for everyone, and too often we see the corporate moguls move in? It is important that my constituents, the people from Waltham Cross and Cheshunt, which are not particularly rich areas, should have a chance to go to the canoeing in Broxbourne and take part in this great celebration.

Mrs. May: I am grateful to my hon. Friend for his intervention and I echo his comments. I think he will find that the elements of the Bill that outlaw ticket touting for the Olympics will go some way to ensuring that what he hopes will be the case for his constituents.

It was the cross-party support for the London 2012 bid that went some way to ensuring and convincing the IOC that Britain was united in its ambition to host the Olympic and Paralympic games. It is with the same spirit of co-operation that we approach the Bill and all other legislation that may be needed in order to deliver the games. We all know the potential that the 2012 Olympics and Paralympics have to transform London and the lives of so many young people throughout Britain.

We hear the phrase "a lasting legacy" used on many occasions when talking about London 2012. It underpinned the whole of our bid. That legacy is twofold. There is of course the opportunity to regenerate one of London's poorest and most rundown areas, although in doing so it is important to ensure that those displaced by the project are properly compensated. I hope that the Secretary of State will have recognised from the interventions from my hon. Friends the Members for Beckenham (Mrs. Lait) and for Croydon, South (Richard Ottaway) that there is still

considerable concern about the issue among those businesses and others who will find themselves displaced by the regeneration. So there is that opportunity to provide low-cost housing to thousands of families, to improve transport and infrastructure links and to build some of the world's finest sporting facilities for years to come. Those are all matters that the Bill has the power to deliver.

What the Bill does not address is the part of the bid that so impressed the IOC delegates: the commitment to inspire thousands of young people throughout the country and indeed the world; to bring something into the lives of boys and girls, to give them a reason to work harder, something to aim for—the thought that perhaps they could be standing on the podium collecting Olympic gold in 2012.

On the Saturday after the bid success was announced my swimming teacher, who is herself a British world championship triathlete, talked about her son, who rows for Reading Bluecoat school in my constituency, which managed to qualify for the Henley regatta for the first time ever this year. She hoped that the bid success would inspire him—that if he works hard he could be there in 2012. That is the spirit of enthusiasm, optimism and dedication that we want to encourage by having the Olympics in London.

However, those aspects are not dealt with in the Bill, and we shall be looking to the Government for further reassurances that they are putting in place the mechanisms that will deliver on that promise to our young sportsmen and women, not only to those who may be Olympic athletes of the future, and encourage an interest in sport and a healthy lifestyle as an offshoot and a legacy of the Olympic games.

Mr. Love: I seek a couple of reassurances from the right hon. Lady—first, that she will speak to authorities such as my Conservative-controlled authority in Enfield, which has been somewhat lacking in its support for the Olympic bid. I hope that it will be able to change its mind and get fully behind it. But the real reassurance that we need is that the Opposition will now get behind the Mayor of London and support the precept that will be critical to delivering the Olympic games in 2012.

Mrs. May: If the hon. Gentleman will wait, I have something to say about London authorities and the Mayor of London in relation to the Olympics.

The Bill establishes the framework for London's games, a games that the Opposition, along with the Government, hope will be the finest the world has ever seen. We also hope that it will be a games that produces a significant, if not the largest ever, crop of British gold medals, and medals generally. We also hope that it will be a games that is delivered on time—it has to be delivered on time—and to budget. We will continue to give our support to the Government, but that does not mean that we will not criticise or raise concerns when we have them.

We support the Bill, but all hon. Members must be careful to ensure that the Bill will genuinely deliver what we all want to see—the best Olympics and Paralympics ever—and that means that it must be subject to proper scrutiny. There are issues that should be raised at this early opportunity if we are to ensure just that.

We all know that the ultimate guarantor of Olympic funding is to be discharged in a sharing arrangement with the Mayor of London and through additional national lottery funding. Any cost overrun will be picked up by taxpayers, by London council tax payers and, potentially, through loss of income to charities and other good causes throughout the country.

The Minister for Sport and Tourism has already made it clear that almost every Olympic host city has seen the cost at least double from initial estimates. In evidence to the Culture, Media and Sport Committee on 15 January 2003, he said:

> "On the financing, one point that was very interesting on our visits to cities that have already run Olympics was that in broad terms, on the cost, every one of them has doubled from the first figure that was given."

Sydney and Athens ran more than 100 per cent. overspends. Sydney's original bid costs were estimated at £1 billion and the games ended up costing about £2.3 billion. The final figures from Athens are not yet established, but the original bid estimate of costs was again £1 billion, and costs published to date are £3.98 billion.

The Opposition are determined that London should learn the lessons from those cities, and we must ensure that the games are brought in strictly to budget and on time. We owe it to the many thousands of athletes who will be participating to do just that. We also owe it to council tax payers and to taxpayers, who will be left to pick up the tab long after the last medal is awarded if we do not put the right financial controls in place.

We are pleased that Government propose that the Olympic delivery authority's accounts will be examined and certified by the Comptroller and Auditor General, who will lay a copy of the statement and report before Parliament, because I assume that that will allow the National Audit Office and the Public Accounts Committee to examine and investigate the accounts. Perhaps the Minister will be able to confirm the PAC's role when he winds up the debate.

However, in the interests of transparency, and to allow the House fully to consider and discuss the development of the work, I hope that the Government and the Secretary of State will go further and agree to have an annual debate in the House on progress on the preparations for the games so that it is open to proper parliamentary scrutiny.

The Government and the bid stakeholders have made public commitments to the IOC to establish the ODA. In particular, commitments have been made that the ODA will have development control powers in the Olympic park, powers to acquire land, and powers to control and co-ordinate Olympic transport. All those commitments are delivered on within the Bill.

The Secretary of State will appoint members of the ODA after having consulted the Mayor of London. The Bill is not about Olympic goals or sport development. It is about street sweeping, massive building projects, and developing transport and infrastructure links. All those are complicated, costly and difficult to deliver. We have seen what can happen if we do not get the delivery of such projects right. That is why it is essential that we have the right people to do the job—not political appointees or placemen, but professionals, experienced in managing and delivering large-scale projects on time

[Mrs. May]

and on budget. I hope that the Minister will be able to tell us how the Olympic delivery authority will be appointed, and reassure us that the process will be open and transparent and that the Government intend to seek proven professionals.

In the light of recent events, security is at the forefront of all our minds. We remember that the Olympics have been the victim of attacks on past occasions. We welcome the provisions to allow consultation with police commissioners from the metropolis and the City of London, and the British Transport police, as part of the transport plan. The Bill makes no mention of the overall involvement in security and policing of the event as a whole, although I understand that a Cabinet-level security committee will oversee the games. I hope that the Minister will be able to tell us more about the security arrangements and their funding, but if he cannot do that today, I trust that in due course a Minister will announce the arrangements to the House.

Harry Cohen (Leyton and Wanstead) (Lab): I believe that security has been costed at £23.125 million. Given the events to which the right hon. Lady referred, does that figure not seem rather low? Might not the Government have to think again about what is needed?

Mrs. May: The hon. Gentleman is right, in that there is a costing for security. I understand, however, that it is not £20-odd million, but £225 million. Perhaps the Minister can tell us, today or on another occasion, whether that is the total sum or whether, as I suspect, other sums will be available from policing budgets or the overall Home Office budget. I am sure, however, that the Government will keep the matter under constant review.

One element of the Bill worries us particularly. We recognise that delivering the games is a huge task, and that additional powers will be needed to meet the challenge. We also understand that we need to grant the Mayor of London Olympic-specific powers allowing him to fulfil his obligations as a signatory to the host city contract. The powers in the Bill are far-reaching, however. Clause 32 is potentially the most controversial measure, as it gives the Greater London Authority—and therefore the Mayor—very wide-ranging powers.

In its impact assessment, the Government claim that that there is no risk in the clause because

"power is to be clearly defined and time-limited to address any perceived risk of overspill".

Yet the clause gives the GLA power to

"do anything . . . for the purpose of complying with an obligation of the Mayor of London under the Host City Contract"

or to prepare for and manage the games. It contains no requirement for the GLA to consult the London boroughs that will play such an important role in delivering the Olympics. We fear that the absence of a requirement to consult not only the boroughs that will be the homes of event venues but those that will have to help deliver the transport, street cleaning and logistics to deal with hundreds of thousands of visitors to London will have a major impact on the ability to deliver those services. I hope that the Secretary of State will be willing to work with us to develop a framework allowing proper dialogue and decision making with the London boroughs.

Mrs. Lait: I agree about the importance of negotiation with the London boroughs, but it worries me that the Greater London Assembly has no effective control over the Mayor, while the Secretary of State is an appointee to the Olympic delivery authority. Is there not a democratic vacuum between the role of the ODA and the role of the Assembly?

Mrs. May: I share some of my hon. Friend's worries. It is notable that parts of the Bill give powers to the Mayor of London specifically, while others give the powers to the Greater London Authority. It would be helpful if the Minister could elaborate on the distinction that the Government draw between the two persons of the Mayor and the authority. Perhaps he will tell us how they think the democratic process will be available to ensure that the powers are being applied appropriately, so that we have a genuine London games and not just an event for which the Mayor is responsible. It is important for all London authorities to be part of the process, and not to feel that any interests that they have are being sidelined by the actions of the Mayor.

Mr. Andrew Pelling (Croydon, Central) (Con): Is not what my hon. Friend said particularly pertinent given that the Olympic bid team felt unable to appear before the London Assembly recently when it had security questions to ask? Does that not suggest that the Bill should include a reference to the Assembly? I declare an interest, as a member of the Assembly.

Mrs. May: As my hon. Friend says, he has particular experience of the role of the authority and its need to be involved. I am sorry that the bid team could not appear before its members. I sincerely hope that that will be possible in the future, and that on subsequent occasions relevant questions can be answered.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): I think the right hon. Lady is confused about the Greater London Authority Act 1999. The Mayor is directly elected and, as the only executive member of the Greater London Authority, has the role outlined in the Bill. I think that is quite right.

As a former member of the Assembly, I know that the London bid team has given evidence in the past. No doubt the successor bodies will do so in the future. I do not think anyone opposes such involvement, and I think the right hon. Lady may have misunderstood the position.

Mrs. May: I am grateful to the hon. Lady, if she is right about the bid team having appeared before the Assembly. It seems that we have two Assembly members in the Chamber, each giving a different view. Perhaps the hon. Lady and my hon. Friend the Member for Croydon, Central (Mr. Pelling) would like to discuss the matter outside the Chamber.

London now contains a number of elected bodies. The Assembly is elected, as are the London borough authorities and the Mayor. All elected bodies will have a role to play, and should be able to express their views

and feel that their constituents' interests are being served. I can tell the hon. Lady that there is a practical point to be made about both the boroughs and the Assembly. If the games are to be delivered, given the implications for the whole of London, all who have been elected to fulfil their various roles should be able to participate in consideration of how that delivery will be achieved.

We are also concerned about the provision that gives the GLA even wider powers. Clause 32(2)(h) allows it to

"take action in respect of places outside London."

I cannot believe that that is what the Government intended. I do not think I am the only Member who is alarmed to learn that the GLA will have powers to

"arrange ... construction ... undertake works of any description"

and

"acquire land or other property"

anywhere in the country. That may not be what was intended, but those are the powers that the Bill gives the GLA. I ask the Secretary of State to look at the clause again and discuss it with the Local Government Association to ensure that, as representatives of local authorities across the country, its members are comfortable with it.

We want to ensure that the benefits of the games are brought to the United Kingdom as a whole, although given my local interest I am pleased that the excellent facility at Dorney lake has been chosen as the venue for the rowing. Of course it is not possible to bring Olympic events to towns and cities all over the country, but the games can attract tourists and visitors who may then wish to see more of what our country has to offer. I would be grateful if in due course the Secretary of State were to provide us with more guidance about how she intends to bring the benefits of the games to a wider audience. We should discuss the possibility of towns and cities offering training camps and sporting facilities to visiting athletes.

Many hon. Members have intervened on behalf of constituency interests today and on the previous occasions on which we have discussed the Olympics. I am interested to hear what assistance the Government will give to local authorities which are interested in hosting training camps in their areas.

We must not forget that the Paralympics is an important part of London 2012. My constituency benefits from an excellent sports association for the disabled, which counts among its members Paralympic medallists, including gold medallists. Up and down the country, talented athletes are watching what the Government do to promote and encourage them to capture British golds at the Paralympics. The Bill does not address that matter, but we expect the Government to provide greater clarity in due course about the resources to support competitors in the Paralympics.

It is worth remembering the sense of joy and euphoria that was felt not only in London but across the UK when the announcement was made. Given the dark days that have followed, it is important to recall the power of this sporting occasion to lift and inspire the British people. The Olympics have the potential to bring a positive change to the whole of the country. It is now up to the Government to live up to that potential and deliver a lasting legacy by hosting the finest Olympic games that the world has ever seen.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next speaker, I remind the House that Mr. Speaker has placed a 15-minute limit on Back-Bench speeches, which applies from now on.

2.2 pm

Lyn Brown (West Ham) (Lab): I addressed a gathering in West Ham on Saturday as part of the VE and VJ celebrations. After we had reflected on the dreadful events of 7/7, I urged my constituents to take the joy and elation back from the callous bombers who destroyed many lives and our euphoria. Today, I urge hon. Members to take our joy back and to continue to celebrate our amazing victory in bringing the Olympic games to the United Kingdom.

The Olympic games is a prize that we, as a community, strived to gain over the past three years. Many West Hammers contributed to the attainment of that prize—for example, by contributing to community forums to garner support or talking to international or national delegations. Children sent their hopes and dreams to the International Olympic Committee, and the council contributed ideas and expertise to the bid. We contributed to the bid, and we demand the right to celebrate winning that amazing prize for West Ham. West Ham is proud, excited, expectant and optimistic, and it is beginning to celebrate its success, and I humbly ask hon. Members to celebrate London's and the UK's success.

My constituents are looking forward to participating in the games. We hope and expect that some of our residents will compete. Some of our residents will work as technicians, reporters, photographers, translators, artists, vendors, taxi drivers, chefs, medics and hoteliers. We expect some people to start companies, to sell services and to make their first million because of the inspiration and opportunity offered by the games. We are asking our people and our businesses to consider what they might reap from the largest peacetime event in history.

Some of our residents will be among the 70,000 volunteers who make the games so special. Recruitment has already begun, and to date 17,000 Londoners have volunteered, which shows their excitement about and commitment to the games. In my borough, more than 500 volunteers have received training and will participate in the London triathlon and volunteer for other activities in our libraries and schools. The opportunities to volunteer will help to reinvigorate civic pride and civic engagement, which will possibly provide skills, build confidence and increase employment.

The physical and economic transformation of my constituency will hopefully be matched by a blossoming of the unique cultural vibrancy of those dynamic and creative communities. The bid team acknowledged the importance of the cultural development framework prepared by the five boroughs, which includes the concept of a new east bank for London—a community-

[Lyn Brown]

focused yet internationally renowned cultural hub stretching from Stratford city to the Greenwich peninsula.

To achieve those objectives, we must plan because, to use a well-worn phrase, to fail to plan is to plan to fail. Some are concerned that previous Olympic games did not reap the expected social and economic benefits given the financial outlay, although it is difficult to ascertain what social and financial benefits were expected. If one does not plan to reap a specific and quantifiable benefit, one will fail, and the social legacy of the games was not top of previous Olympic agendas.

As a local councillor from Newham, I have discussed the benefits with a number of local, regional and national agencies. Those benefits will massively change the deprivation indicators in east London. If we work to ensure that the legacy of the Olympic games is the renewal and regeneration of an area of the country—and indeed of a generation—we will succeed.

One concern is that the Bill does not refer to local authorities such as my own, and their role has not been recognised. I contend that the opportunities presented by the games will be fully realised, deep rooted and sustained only if the community is engaged with the physical and social changes. Local authorities are uniquely charged with that responsibility and are uniquely positioned to discharge it. Sir Robin Wales, the elected mayor of Newham, has already contributed as a member of the London 2012 legacy board. I ask the Secretary of State to ensure that the legislation fully recognises the essential role of local government in the planning, delivery and legacy phases of the London 2012 Olympics.

The regeneration of communities is a partnership between the different tiers of government, their agencies and the communities they serve. Without such partnerships, the renewal and regeneration of areas will not be accomplished. The Olympics will bring billions of pounds of business to national, regional, and local companies over the next eight years and more. The Olympics will see the creation of 19,000 new jobs in construction, ICT, media, retail, health, hospitality, sport and the creative industries.

Sarah McCarthy-Fry (Portsmouth, North) (Lab): Although I welcome the new jobs that the Olympics will bring, particularly in the construction industry, we must remember that the Government are also creating new construction jobs through programmes such as building skills for the future, and better homes. I hope that hon. Members agree that in planning for the Olympics we must ensure that we have enough training places to allow our young people to obtain the necessary skills to take advantage of those jobs and that we have sufficient capacity in the construction industry to meet the various demands.

Lyn Brown: I agree with my hon. Friend. If we do not set up training programmes and plan to get our children into those jobs, we will simply fail. The games will bring an opportunity for us to showcase our talent, creativity, innovation and design to global audiences, and will transform the local and regional economy.

We must, however, remember that there will be casualties from the regeneration of the area. Local businesses will be displaced because of the need to create space for the Olympic Park stadium. The Bill allows for the necessary compulsory purchases. I ask the Government and the London Development Agency to take immediate steps to reassure the businesses concerned and to proceed to expedite the responsibility of relocation and compensation. Land must be acquired at a fair market rent.

Mrs. Lait: I am grateful to the hon. Lady for allowing me to pursue an issue that I took up with the Secretary of State—that of compensation on compulsory purchase. As I understand the Bill—I will be grateful if she tells me differently—the LDA is limited to the current terms of the planning Acts, which means that it cannot go beyond compulsory purchase price. Can the hon. Lady explain where she sees the area for negotiation?

Lyn Brown: I am about to deal with that.

We need to ensure that the planning that is essential for the continued vibrancy of the companies concerned is expedited as quickly as possible. Firms have talked to me about wanting a fair price and about needing to ensure that any red tape is dealt with sympathetically so that they do not incur down time and therefore financial loss, which will mean a loss of confidence among their suppliers and customers. I ask the LDA or the Olympic delivery authority to streamline the planning and licensing permissions to avoid delays that might otherwise impede the relocation process.

I am further concerned by reports that break clauses in leases are being used as a device to lessen compensation, which may result in job loss and a loss of economic activity in the area. We all want the games to bring in additional businesses and business growth, not to see the demise of long-established businesses of international renown. Access to increasing opportunities is vital. Newham is the tenth poorest area in England and Wales and the fourth poorest in London. It is flanked on its western borders by the London borough of Tower Hamlets and the London borough of Hackney, which are the first and second poorest areas in the capital.

Think of the vast area of deprivation, the lack of skills, the high mortality rate, and the low educational achievement. West Ham has the lowest employment rates in the country. A third of our households contain no one in employment. Our people die six years earlier than those in the community of Westminster. More than half our children live in poverty. Imagine what could be achieved for this community by the benefit of the games. A games that fails to benefit these people—benefit, not displace them—will be a failed opportunity and a failed investment. If we can secure these benefits for the community, it will reciprocate.

The country and the world can rely on the energy and enthusiasm of east Londoners. After all, more than anywhere else in the world, this is where the world comes together. Some 110 languages are spoken in Newham schools alone. It is a place where diversity is not just tolerated but celebrated. Every athlete will find a community to cheer them on.

In return for the honour of hosting the games, we promise that visitors from the rest of London, the rest of the UK and the rest of the world can expect the warmest of welcomes in the east end. As staff, hosts, passionate spectators, and enthusiastic and efficient volunteers, West Ham residents will make the 2012 games unforgettable. In return, we must collectively ensure that the 2012 games are remembered not only for providing a truly world-class event but for providing long-lasting benefits to east London, to London, and to the whole of the United Kingdom.

2.14 pm

Mr. Don Foster (Bath) (LD): Notwithstanding the appalling tragedy that befell London the day after that wonderful moment as Jacques Rogge fumbled with the envelope and announced that London had won the Olympics, the hon. Member for West Ham (Lyn Brown) is absolutely right to say that today we must use our discussion of this vital Bill as an opportunity to celebrate the success of London and of the whole country.

I have had opportunities on other occasions to give my thanks to all those who have been involved in that wonderful success—Seb Coe, Keith Mills, Barbara Cassani, the Prime Minister, the Department for Culture, Media and Sport team, including the Secretary of State and the Minister for Sport and Tourism, and many others, including the large number of elite athletes and young athletes who joined us as part of the bid team in Singapore. They all deserve our praise for a fantastic achievement. A few days before the announcement of the result, the Prime Minister anticipated how he would react were we to be successful, saying:

"it's not often in this job that you punch the air, and do a little jig and embrace the person next to you".

I can assure hon. Members that when the announcement was made in Singapore very many people were punching the air, doing jigs and embracing the people next to them, but we understand that it also happened in London and right across the country.

We all know that winning the bid is not the finishing line but merely the starting gun that signals the hard work that is necessary to ensure that we deliver what we promised to deliver in 2012—the best-ever Olympic and Paralympic games. This Bill is part of that process of getting on with the work that is necessary to achieve that. We all know how important it is to get on with it quickly, because there are huge prizes to be won. We know that from all the other countries that have benefited from having the Olympic games. Just one example suffices to illustrate it. Before the 1992 games, Barcelona was ranked as the 16th most popular destination for tourists; since then, it has been for many years consistently ranked in the top four. If other countries and cities can benefit, there are also huge prizes for London.

Of those prizes, five crucial ones are on offer. First, above all, the delivery of the 2012 games will help to invigorate our sporting nation. It is worth reflecting that one influential International Olympic Committee member said, after London had been awarded the bid:

"Seb's presentation was not so much on London as on sport."

It was, and rightly so. The underpinning philosophy that should guide the way in which we deliver the 2012 games is the way in which it can invigorate our sporting nation. That is a vital goal. This week, as our schools finish for the summer holidays, 70 per cent. of those leaving school will drop out of any sporting activity whatsoever—that is a staggering 390,000 children. We need to find ways of persuading them to continue being involved in sport, and the Olympics will help in that process. It is frightening to think that by 2020, on current trends, 70 per cent. of women will do no exercise other than walking. We are all aware of the problem of obesity, which has trebled among children in the past decade, and overall is costing this nation £8.2 billion a year. I mention that figure to draw attention to it in comparison with the cost of the Olympics. Obesity is costing £8.2 billion a year. The expenditure of some billions of pounds on the huge prize of the Olympics pales into insignificance by comparison. The games will inspire the nation to get active, and I welcome that.

The Bill will also create a lasting legacy for our sporting infrastructure. Unlike some of the previous games, it is being planned so sensibly that there will not be enough "white elephant" sports facilities to start, as in the cliché, an "albino zoo". That will not happen here because of how we have planned for it.

Secondly, the games will enable the regeneration of three of the most deprived boroughs in the United Kingdom, and will bring broader economic benefits across the whole country. The games will be crucial in the lower Lea valley, which will blossom and benefit hugely, like so many other areas.

Thirdly, the Bill will enable zero waste games, which will help set sustainability standards for the future. The IOC recognised that our games offer comprehensive and positive environmental legacies, which are prizes worth striving for. Fourthly, the activities leading up to the games will showcase our country's excellence in art and culture. Indeed, the bid already did so with schemes, such as the "40 Artists, 40 Days" project, in the countdown to 6 July. With Jude Kelly at the helm we have every reason to believe that the London 2012 games will also offer a world-class cultural programme.

Fifthly, another crucial prize, the games will unite the nation, sharing in the build-up to 2012 and in the excitement of the games themselves. Those are the huge prizes to be won, but several hurdles need to be overcome to ensure we attain them. It will not come as any surprise to the Minister or his right hon. Friend the Secretary of State that from time to time, supportive of the games as we are on the Liberal Democrat Benches, we will be critical of some details. Earlier this month, David Moorcroft, chief executive of UK Athletics, said,

"This is one issue where politicians can truly unite and show the public that they can co-operate when they need to and challenge when they need to do so, but do it in a way that is for the greater public good."

Any concerns or criticisms that we may have on some details will be discussed with the Government in the spirit of finding a way forward for the benefit of the games and the nation.

As the right hon. Member for Maidenhead (Mrs. May) said, we face some challenges. We must deliver the games on time, and we have got off to a flying start with our intention to get the Bill on the statute book as quickly as possible. We need to avoid all the delays that could arise from unclear lines of responsibility. In a recent debate in Westminster Hall, some of us referred

[Mr. Don Foster]

to the huge complexity of the current arrangements in sport. This Bill, together with other activities connected with planning for the games, adds a number of additional bodies to that sporting framework. It is crucial that each body knows what its responsibilities and lines of communication are and what it is accountable for. We must get that right to avoid problems of delay. I am not thinking just in terms of structure; I am thinking of areas, such as construction and transport, where we need to ensure perfect co-ordination.

During the debate on Crossrail, the right hon. Lady, like me, was concerned about some aspects of the Bill. We are concerned that current arrangements for Crossrail give the Office of the Rail Regulator power to give overall primacy to Crossrail above anything else. Conflicts may arise about some transport arrangements for the Olympic games, so I am delighted at the agreement that that issue will be looked at by the Crossrail Select Committee.

We also need to ensure that Crossrail and the Olympic games do not conflict over the need for people with relevant skills. I hope that the Minister will work closely with the Department for Education and Skills to ensure that we provide appropriate training now to ensure that we have people with the right skills to carry out the jobs, rather than us having to rely on workers from overseas.

We must deliver on budget. That will be a challenge. Other countries have had difficulty maintaining their budget plans. We have robust budget plans for the games, but prices can change. Construction costs are increasing at three times the rate of inflation. We need to explore how further to protect Londoners from significant increases in their council tax, more than has already been announced, and how we can ensure that no additional raids are made on lottery funds.

We must deliver a safe games. The IOC approved Britain's security arrangements and praised us for our role in helping to make the Athens games safe. Our plans are robust, but in the light of the recent terrorist attacks they must also be seen to be robust. There needs to be greater reference to security in the Bill. It is surprising that the Bill places no specific duty on the Olympic delivery authority to have regard to security in planning decisions. I hope to return to that issue.

There is a need to balance the IOC requirements with the needs of UK residents. The Olympic movement is an immense force, overwhelmingly beneficial, but with the potential to be overbearing. While honouring the requirements of the IOC to restrict advertising, street trading and ticket resale, legislation needs to be light touch and flexible. We should not gold plate any IOC requirements in respect of those issues.

We must ensure that throughout the next seven years and right up to the games we maintain the current, fantastically high level of support for the games. It is worth looking at reports in local newspapers the day after the announcement was made. *The Herald* in Glasgow, for example, said,

"Scotland can expect a huge tourist boom, as spectators extend their stays to take in the sights."

A newspaper in Gwent, Wales said:

"Gwent can expect excellent knock-on effects from London's selection to host the 2012 Olympic Games."

In Northern Ireland the *Belfast Telegraph* stated:

"The Olympic Games in 2012 will trigger a huge sporting bonanza for Northern Ireland."

From all the nations of the United Kingdom we have seen an immediate reaction of genuine excitement about winning the games and genuine belief that all parts of the United Kingdom will benefit. My local paper, the *Bath Chronicle* said:

"Cheers could be heard across the city",

and in Birmingham the report was,

"This is great news, not just for London but for the whole country . . . This is a huge regeneration opportunity, which we will seize with both hands to ensure that all our communities benefit."

That is what people expect and we must ensure that they are not disappointed. We must ensure that each part of the country is given the help and support that it needs to maximise its potential. As the Secretary of State said in response to an intervention, the nations and regions support group under Charles Allen has a crucial role to play. I know that it has been working long before we won the bid but it has already held meetings subsequently and I hope that the Minister will tell us a little more about the support that each part of the country can expect.

I find the Bill's references to regional development agencies confusing. It implies that RDAs can undertake work in their regions in relation to the games if the Olympic delivery authority asks them to do that. One would have thought that they should be able simply to get on with work if they believe that it is appropriate for their region.

We have already heard what the Bill does. It creates the Olympic delivery authority; gives that authority powers to provide a transport infrastructure, including sophisticated traffic management, low carbon vehicles, the Olympic javelin train from King's Cross to Stratford, with a travelling time of only seven minutes and so much more; empowers the Mayor of London to spend council tax revenues for use in the games, and fulfils various IOC requirements on touting, training and advertising and ensuring that the Olympic environment is clean and hassle free. The Bill will achieve great things but it also asks us to take a leap of faith.

We took a leap of faith with the bid and we were proved right. However, we are being asked to take a leap of faith with the Bill. It does not mention many key issues such as immigration and tax arrangements for athletes, their entourage and supporters. It does not refer to the role that Her Majesty's Customs and Excise will have to play in dealing with the likely flood of counterfeit merchandise. It does not mention the huge challenges that we will face in 2012, when we shall have not only the games but digital switch-over in London. The media authorities have the huge task of ensuring clear spectrum for broadcasters who want to beam out each day's events in London.

Even when the Bill refers to key issues such as the prize of setting new sustainability standards, it often does not go far enough. For example, I should like the ODA to be made to have regard to sustainable development in fulfilling its planning responsibilities. That could be done in clause 5.

The Bill requires a leap of faith for another reason. During the passage of the Gambling Bill, I criticised the Government for including so many opportunities to give the Secretary of State secondary powers. One in every 10 clauses in the Gambling Bill gave the Secretary of State secondary powers. In the Bill that we are considering, one in every three clauses provides for a new power for the Secretary of State through secondary legislation. I hope that the Minister will assure us that, when the Committee considers the Bill, it will see as many of the regulations as possible in draft form.

We will pick up on several other issues in Committee. I have already referred to the problem with Crossrail. Why, in outlining the mayoral powers, does the Bill contain no provisions to enable the Greater London assembly to scrutinise their exercise? Why do not restrictions on ticket touts include more onerous restrictions on newspapers and online market places such as eBay advertising illegally touted tickets? Is it not odd that, in relation to the role of the powers of the GLA, the Bill does not refer specifically to consulting the ODA or, as many others have said, local authorities?

Mr. Walker: Are not hospitality packages another touting problem? A ticket with a face value of £50 can be sold on with a rather grotty lunch attached for £750. Is that not a form of touting for which we need to watch out?

Mr. Foster: There are many examples. Hon. Members know of people paying large sums for a towel and getting a free ticket to an event thrown in. I know that the Government have been considering ticket touting seriously, but I hope that the time will soon come when we debate ways in which to prevent not only ticket touting for the Olympic games but all other forms of touting.

Mrs. May: Given the outlawing of ticket touting, does the hon. Gentleman agree that there should be suitable arrangements for the resale back to the Olympic authorities of tickets that people are, for practical reasons, unable to use? People need to be able to sell those tickets on, so that other people who wish to visit the games have a genuine opportunity to do so.

Mr. Foster: The right hon. Lady is absolutely right. I should like to reflect, in passing, that if some of the events organisers who complain about ticket touting were to establish more effective operations to enable the official resale of tickets for people who, perhaps through illness, are unable to use them, some of these problems could be resolved. Stopping ticket touting, especially in this internet age, requires far more than that, however. I am delighted that there are tough measures in the Bill, but I hope that they will go wider and address the issue raised by the hon. Member for Broxbourne (Mr. Walker), for example.

I have already mentioned the fact that the role of the RDAs appears to be somewhat restricted, and I hope that we shall have the opportunity to address that. I would like the Minister to answer at least one of the questions put by the right hon. Member for Maidenhead. Yes, the Olympic development authority is to produce an annual report and give it to the Secretary of State, and the Secretary of State will ensure that it is available to Parliament. That is welcome, and I hope that the same will apply to the annual report of the Comptroller and Auditor General into those accounts. However, I entirely support the right hon. Lady's call not only for the report to be made available to Parliament but for an annual debate to be held in Government time on the subject.

Given this country's proud record of being almost the founders of the Paralympic games, I hope that we shall always ensure that whenever we talk about the Olympic games, the Paralympics will be given equal importance. In that respect, is it not somewhat strange that while the Bill refers explicitly to the need to comply with the Race Relations Act 1976, there is no similarly explicit requirement to comply with the Disability Discrimination Act 1995? I hope that that omission will be remedied.

In the run-up to the bid, huge numbers of people across the country gave their support. Now we have succeeded, and we celebrate that. We praise all those involved in ensuring that success. We recognise, however, that we have but seven short years in which to deliver the commitment that we made to provide the best games ever. The Bill forms part of the necessary procedures that will ensure that we do that. I can assure the Minister, his Secretary of State and the House that we will give our full support to the Bill, notwithstanding that there are areas in which we believe that it could be improved. We will continue to provide our support over the next seven years to those working on every aspect of the preparations for the 2012 Olympic and Paralympic games, and, as a starter for 10, we will certainly support the Bill.

2.38 pm

Jeremy Corbyn (Islington, North) (Lab): I am pleased to take part in this debate on what will obviously be a massive event for London and for the whole country. I strongly endorse the remarks made by my hon. Friend the Member for West Ham (Lyn Brown), in which she pointed out that this will be a great event that is to be celebrated and welcomed, and that, above all, the basis of the bid was the regeneration of an impoverished part of north and east London. We must ensure that the games provide that regeneration, which will help the poorest people in that community, and that that assistance carries on after the games. We do not want to see the removal of the poor people of London to make way for the Olympic sites and all that goes with them, as has happened in other cities. The example of Barcelona is interesting, because that city managed to ensure that there was a huge social development spin-off from its games.

My hon. Friend the Member for West Ham mentioned employment opportunities. My borough borders the City of London, hers borders Canary Wharf, and Hackney borders both, as does Tower Hamlets. We have not seen an enormous number of jobs in the City or in Canary Wharf being made available to people in the surrounding boroughs. Instead, large numbers of people come in to fulfil those functions in both those places. I hope that the Olympic experience will not simply be the shipping of more people from further and further away and more commuter jobs, but that the chronic unemployment in that part of north and east London will be tackled.

[Jeremy Corbyn]

As a proud London MP, I hope that those things will come to pass, that London as a whole will benefit from the games, and particularly that the terrible housing crisis that faces the poor people of London, with more than 250,000 on waiting lists, will in some sense be alleviated by the construction of the Olympic village, and that it will be housing for affordable rent.

Meg Hillier: Does my hon. Friend agree that it is great news that the London Development Agency is setting up a business support and job brokerage unit, with people appointed by Christmas, to make sure that the concerns that he, I and other Members share are fully addressed?

Jeremy Corbyn: I agree with my hon. Friend on that point. The London Development Agency, the Mayor and the Minister will have to be assiduous not just in ensuring that all the Olympic facilities are developed, which is crucial, but that all the spin-offs go where they are intended to go. We told the world that our bid was on behalf of a multi-cultural city of London, and that it was about regeneration of a poor part of our city. We must deliver not just on the glittering stadium but on all the other things, too.

As a London MP, I also have a lot of sympathy with points made by colleagues from other parts of the country. While the games will obviously be held in London, and the major construction work will take place in London, we must ensure that the construction materials, prefabrication of buildings and so on are sourced from British-based companies operating in areas of high unemployment and problems, so that there is a real spin-off all around the country. As someone who grew up outside London, in the midlands, I can imagine people feeling, "Here we go again. London is getting everything and the rest of the country is not benefiting." I am sure that the Minister is well aware of that, and it is up to Members of Parliament to ensure that their areas do benefit.

I want to raise some specific items, and I hope that the Minister will reply to them. London's transport infrastructure was a problem area for the bid, particularly in comparison with that of Paris. The Mayor is well aware, as is the Secretary of State, of the need for huge improvements in the underground and bus networks and such tram networks as will have been developed by that time. Crossrail will not have been completed by that time, so it will not have much effect.

North and east London have a considerable network of railway lines. I am glad that they are no longer under threat of closure, as they were in the dark days when the Conservative party was in government, but rather have benefited from increased investment and increased usage, which is very welcome. I want the Minister to address the issue of the East London line, however. At the moment, the East London line extension, which has been approved, goes only as far as Dalston, whereas if it could be included in the Olympic development plan it could go through to Clapham junction, which would link up with facilities in south London that are to be used as part of the Olympic games. If it could be extended from Dalston junction to Highbury and Islington, it would link up with the Victoria line, and the spur off to Finsbury Park would link it up to the east coast main line. A direct tube network would therefore link east coast main line trains either at King's Cross or stopping at Finsbury Park to go straight into the Olympic area. Such a short extension of the line would not be horrendously expensive, but it would be a valuable link within the rest of the London network. I have pressed that case on the Mayor and the Secretary of State, and such an approach seems highly logical at this stage.

My other points relate to the creation of facilities around London that can be used to assist the Olympic games development. There is a shortage of swimming pools across London. My hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier) will know that there is a splendid baths facility in Hornsey road in Islington, which was used as a training centre for the 1948 Olympics. Sadly, the baths have been closed, and a succession of developers has failed to develop the site. However, the building is still there, and more discussions are being held about it. The Hornsey road facility is the only 50 m pool in north London. We will need pools of that size for training purposes, and I urge the Minister to join me on a 91 bus trip to have a look at the baths together. I am sure that he will be bowled over and open his cheque book immediately to ensure the development of Hornsey road baths as a sports facility once again.

Earlier, I asked the Secretary of State about local communities. A considerable artistic and creative community exists around Hackney Wick, Tower Hamlets and the Olympic area in general. That is partly due to economic factors, as the rent for artists' studios and creative space there has always been relatively cheap, compared with the rest of London. I suppose that that is reminiscent of Hampstead in the 1940s and 1950s, since when the many artists who used to live there have been priced out.

Artists, sculptors and people of a creative bent make up an important part of London life. It would not be a good Olympic legacy if they were all to be expelled from their low-cost facilities to make way for the games. I hope that the relevant authorities and the Mayor will remember that part of London's creativity stems from all the art and artists that areas such as north-east London supply. I hope that real efforts are made to protect the conditions for artists and ensure that buildings removed to make way for Olympic sports facilities are replaced with equally cheap and accessible places for such people. In that way, we can maintain the wonderful ethnic and artistic diversity that is London. Most artists subsist on less than £8,000 a year, and so obviously have little chance of renting a studio in an expensive venue.

My final general point is more global than local. It has to do with the conditions under which much sports equipment, such as shirts and clothing, is manufactured around the world. The sweatshop mentality behind the production of high street brand names can be traced back to child labour and sweated labour in south Asia, Indonesia and many other countries. There are serious campaigns demanding that the equipment and clothing that will be bought and used are manufactured on an ethical basis. I hope that the Secretary of State and the Olympic authorities will take those campaigns seriously. These games are about diversity, equality, fairness and

accessibility, and the Government must ensure that all the clothing that is licensed and used comes from ethically sustainable sources. The equipment and clothing that is available should be manufactured in places that do not use sweated labour or employ workers in dangerous working conditions. Such items should be put together in places that have good employment practices and where unions are recognised and workers have rights—all the things that we want for ourselves.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Is my hon. Friend aware of Oxfam's campaign to ensure that the IOC adopts the fair trade legislation for the 2012 Olympics, and does he support it?

Jeremy Corbyn: I am indeed aware of that campaign. It is one of the factors that caused me to discuss the matter. I support Oxfam's campaign, and I hope that it is accepted as part of the basic requirements for the games. We can make these games very different from what has gone before. They can be advantageous for London and the country as a whole, but we must work very hard to ensure that they are.

The hon. Member for Bath (Mr. Foster) spoke about accessibility, and I agree with him. It is right that the Bill should refer to the race relations legislation, but why on earth does the Disability Discrimination Act 1995 not appear on the face of the Bill? I assume that that is merely an oversight, as the hon. Gentleman said, and that all games facilities will be fully accessible. Obviously, they will have to accommodate the Paralympics, but I want to be sure that every facility will be fully accessible.

The Bill gives various people enormous powers—in respect of planning, development, contract letting and so on—that must be exercised with caution, openness and transparency. There has to be some means by which we can prevent a house price and building boom from taking off in north and east London, as that would remove from those areas the very people who have made their homes there, and who have won the bid for London by their poverty and their needs.

Harry Cohen: Does my hon. Friend agree that it is incumbent on the Minister in his winding-up speech to expand on the Secretary of State's earlier comments about "discreet" planning powers for the new Olympic authority. I do not know what "discreet" means in this context. Does it mean that the authority will meet completely in secret, that it will take its decisions secretly and that people will not know who is on it? Does my hon. Friend share my concern about that, and does he agree that the Minister should explain what "discreet" means when he winds up?

Jeremy Corbyn: I have been mulling over the use of this word. It could mean discretion, being discreet or lots of things, but it is a very odd word to use where planning authorities and planning permission are concerned. As Members, we all get involved in planning matters, and the one thing that we all demand is openness, transparency and accountability for the decisions being taken. So I hope that we will not hear too much more of this word "discreet", and much more about the taking of open planning decisions, so that we can ensure that nothing dubious is going on.

I hope that the Minister will recognise that the people of London welcome the games and want them to succeed, but that there are issues that we must assiduously address to ensure that the benefits are what we said they would be when the team won the bid in Singapore, and that the real beneficiaries are the people who desperately need the benefits that this regeneration plan can bring.

2.51 pm

Mrs. Jacqui Lait (Beckenham) (Con): It is a great pleasure to take part in a debate that is so welcomed in all parts of the House. The hon. Member for Leyton and Wanstead (Harry Cohen) asked the Minister to explain what was meant by "discreet", but I rather think that in this instance, it means specific and is spelt slightly differently.

It is a palpable pleasure that the UK has won the bid for the Olympics, and I add my congratulations to those offered to Lord Coe and his team and, indeed, to the Government. As one who participated in the debate to persuade the Secretary of State that perhaps we ought to back the Olympic bid, I am delighted that London and the UK have secured it. There has been a great transformation, in that the Scottish National party also welcomes the successful bid—*[Interruption.]* The hon. Member for Perth and North Perthshire (Pete Wishart), who conceded the point, should know that anybody trained to sail on the Clyde will find it easy to win gold medals on the channel at Weymouth.

I welcome our securing the bid, the boost to sport and the interest that the young are already displaying in the Olympics and in the challenge of getting involved. It is they who will be the medal winners in a few years' time, and we all share their palpable enthusiasm—exemplified by what happened in West Ham on the night of the bid. In the late 1980s and early 1990s, I chaired a health authority that covered the boroughs of Hackney, Tower Hamlets and Newham, so I am well aware of the deprivation in that part of world. Having visited the Lea valley, I can only congratulate those who had the vision to see the opportunity that the east end now has—as, indeed, does the whole of London.

Today is the time not to carp and criticise—none of us wants to do that—but to ask questions to ensure that we establish the basis for a truly successful games. If the Minister cannot answer my questions today, I hope that he can answer them in Committee. We have talked at length about the Olympic delivery authority that the Bill sets up, which is chaired by the Mayor of London and has a limited membership. I hope that among that limited membership there will be a chief executive of the calibre to deliver such a complex and enormous operation as the Olympics will be. I also hope that there will be a project director used to delivering complex construction projects on time and at cost. One of my particular concerns is potential difficulties in the planning system that might delay construction.

My right hon. Friend the Member for Maidenhead (Mrs. May) enunciated the difficulty of working out to whom the ODA will be accountable. The Secretary of State indicated that she would appoint the members. We have expressed a desire that the House should have an annual debate, with the Public Accounts Committee or a Select Committee being able to take evidence on

[Mrs. Jacqui Lait]

progress, but that still would not answer who is ultimately responsible for delivery. Responsibility is diffuse at present. Does the London Assembly have any powers or ability to question the ODA, or to manage its overall criteria? Who will be able to remove under-achieving members of the ODA? Will it be the Secretary of State or the Mayor? How will we judge whether someone is or is not doing a good job?

A complex structure is emerging, as the hon. Member for Bath (Mr. Foster) pointed out when he said that he wanted clear lines of responsibility. We need, as soon as possible, to see an organisational structure. The number of organisations already involved could lead to complex relationships. Unless carefully managed with clear lines of responsibility, that could lead to confusion.

Mr. Philip Dunne (Ludlow) (Con): It is important that the organisation committee includes a member with responsibility for the country beyond London, and its composition should not be purely geographically based. May I ask the Minister to take cognisance of that when considering the organisation of the games? We should also consider the historic significance of this country's role in founding the modern Olympic movement. In particular, I think of Dr. William Penny Brookes who in 1850 founded the Wenlock Olympian Society, which celebrated its 119th running of the Olympic games just a couple of weekends ago. I hope that we will at least be able to send the torch through Much Wenlock on its way to London in 2012.

Mrs. Lait: I do not represent a Gloucestershire seat, but I think that Gloucestershire can claim to have recreated, at an even earlier date, the original Olympic games on Dover hill, but I take my hon. Friend's point.

We do not want an ODA that is too big, and the operation has to be clearly and tightly managed.

Some financial questions are very much at the front of the minds of London council tax payers. Obviously, we want the Olympics to keep to budget, and we recognise that the Treasury has already set aside contingency sums. In the bid document, the Government also accepted responsibility for any cost overrun. That has been divided broadly between the lottery and the Mayor of London. If there is a cost overrun—we all hope that there will not be—we would like to know who is responsible for what percentage share. Council tax payers in London will find it daunting if, according to a current estimate, they are to pay an extra £20 on a band D council tax bill for the next 40 years. We need clarification of whether the 12 per cent. Treasury tax take on the Olympic lottery will be used as a further contingency, or could reduce council tax payers' contribution of £20 a year to half of that.

Meg Hillier: Will the hon. Lady give way?

Mrs. Lait: If the hon. Lady will give me a second so that I can finish my point, I will be happy to go away—*[Laughter]*—to give way. I will go away at the end.

We must also ensure that council tax payers have an idea of the finite sum of money for which they will be responsible. The Bill should set out the amount of money that London council tax payers will be responsible for at, say, 2005 prices plus inflation.

Meg Hillier: I suggest to the hon. Lady that she is raising a scare by suggesting that London council tax payers will be paying for 40 years. Does she not agree that the benefits to London will be enormous? I agree that we need clarity, but the benefits to Londoners are particularly important, so it is only fair that they should pay their share.

Mrs. Lait: I agree that London will benefit enormously. I hope that the hon. Lady will take part in the Committee stage, when we can tease out how much London council tax payers will be responsible for. It would also be sensible if they could see on their bills a statement of how much the Olympics are costing them each year.

I have long believed that there should be a bigger role for the private sector in the delivery of the Olympics. We want to ensure that the private sector has as much access as possible to the bidding. I am slightly concerned that an organisation such as the London Development Agency could itself take responsibility for construction. With the best will in the world, while it may be a good commissioner, it is not a good provider. We have to ensure that the private sector gets as much access to the contracts as possible.

One of the issues that I was keen to tease out from the Secretary of State was planning. The Bill gives the ODA planning powers similar to those that the London Docklands Development Corporation had, and we have seen what a success the LDDC was. One thing that concerns me is that the current compulsory purchase powers in the planning Acts are passed over to the ODA for the purposes of the Bill. If that happens, many businesses will find themselves not receiving the compensation for removal that they believe, and their valuers tell them, that they need and deserve.

If we were, for instance, to adopt the French system for the provision of the Olympic facilities, people could be bought out at a price that they could accept and there would be no delays in delivery as a result of the planning system. The planning system could be one of the keys to delays and hence cost overruns. Why is the Minister not prepared to adopt the French system of buying people out?

We have also to consider the impact on businesses around the Olympic site that perhaps do not fit the image of the modern Olympics, such as old warehouses that are not a pretty site but are outwith the envelope of the Olympic developments. What sort of compensation should they be looking for?

Several hon. Members have raised the issue of transport, and earlier this week we debated the Crossrail project and the impact that its construction might have on the Olympics. My hon. Friend the Member for Cities of London and Westminster (Mr. Field), who unfortunately cannot be here this afternoon, made the point that Crossrail will be being built during the Olympics and will mean that Charing Cross road will be closed for two years, not only to traffic but to

pedestrians. The businesses in Charing Cross road, especially the bookshops, are part of the cultural offering that London makes to any visitor, and those businesses will suffer severely. I was pleased to hear that the Select Committee will be able to consider the interaction of Crossrail and Olympic construction, and I hope that such issues can be resolved sensibly, because I am a great supporter of both.

We want to see London's transport links developed, but we must be careful about the interaction of their construction with the construction of the new Olympic venues and village. The pressure on the construction industry will be enormous. Hon. Members have already mentioned the need to ensure that we have enough people in training to provide the building skills that will be required, but we must recognise that people will need to come in from outside the UK. We should encourage as many as possible to come to ensure that we can deliver all the projects. The East London line extension is one of those projects and the hon. Member for Islington, North (Jeremy Corbyn) has already mentioned the impact on his constituency. It will also have an impact on my constituency. Several stations will be closed for varying periods—two years, 18 months, a year.

Ms Dawn Butler (Brent, South) (Lab): Is the hon. Lady suggesting that local people will not be trained and able to do the construction work and that we should spread the net wider? Surely part of the Olympic legacy should be that we ensure that local people are trained in construction and able to take well-paid jobs.

Mrs. Lait: I agree with the hon. Lady. We want to ensure that as many people as possible are trained to take advantage of the jobs that will be available. However, I doubt that we can train sufficient numbers, so people will come from all over the world with their skills, at management and professional levels. I have no objection to that, because the introduction of new skills raises the level for everyone. That is a real legacy that the Olympics will provide. However, we must also ensure that the construction projects are managed so as to minimise disruption to everybody else as they try to move around London to get to work and create the wealth and infrastructure that we need to deliver a world-class Olympic games.

The East London line development is a case in point. We must ensure that it is delivered in a way that minimises disruption to everybody. We need better transport to Heathrow, from east to west. We also need to build into that, in the case of my constituency, the tram from Beckenham to Crystal Palace so that people can then travel on the East London line. The issue of Crystal Palace has been of concern for many years. We need to ensure that we get that development right, too. If we can achieve everything that I have mentioned—it is a long menu—we will have a world-class Olympics, and it is thanks to all hon. Members encouraging the Government and our team for 2012 that we have the Olympics in seven years' time.

3.9 pm

Derek Wyatt (Sittingbourne and Sheppey) (Lab): First, I inform the House that I am a trustee of TimeBank UK, the largest volunteer group in the country, which is charged with the volunteer programme for the Olympics. My hon. Friend the Member for West Ham (Lyn Brown) said that she thought that 15,000 people had volunteered, but in fact they are volunteering through our website at the rate of one every five seconds. More than 30,000 have registered so far, and we held a meeting this week to discuss what to do with them for the next seven years. We need only 75,000 volunteers in total and at this rate we shall have them all by next weekend.

I am closely associated with Stoke Mandeville and have been part of its fundraising team to make the Paralympics the best in the world. I am proud to say that we have already raised about £7 million.

Mr. Love: I was interested in my hon. Friend's comments on volunteering and I am pleased that so many people are coming forward. The knack is to ensure that the volunteering programme reflects the diversity of both London and the UK. Do his figures show how the different communities that make up London and the UK are reflected in the volunteers?

Derek Wyatt: I do not have that breakdown, but I will get it for my hon. Friend. Given TimeBank's existing work—for example, it carries out all the mentoring on behalf of the Home Office for families who take in asylum seekers—I am sure that the strength and commitment of its team will be satisfactory, but I will obtain the figures and place them in the Library.

Like everyone else, I congratulate the team. Seb Coe, Keith Mills, Mike Lee and Alan Pascoe have done well, but two people have not been given enough credit. The first is my right hon. Friend the Secretary of State who had the unenviable task, three years ago, of convincing a rather sceptical Cabinet that the bid was worth while, but to her great credit, she gathered support and did so. We must not forget that. The second person was one of our ambassadors in Singapore, who, so my spies tell me, was doing the rounds with great élan: the Prime Minister's wife was corralling many members of the IOC and introducing the Prime Minister to them. The campaign was very much like a general election campaign—that is where some of the other bid teams got things wrong—where the last four days are critical. We got the last four days right and France did not. That was the key, so we should also commend the Prime Minister's wife.

I was lucky enough to see the Sydney bid at close hand, as I visited Sydney twice before the games. I made a post-games visit to Athens as part of my Select Committee work. Making such a bid is like a couple of entrepreneurs setting up a start-up company: they have got to the starting line and obtained their money—in this case, we have been awarded the games. There is then a rather difficult situation, after the initial public offering, in that the management of the company last only for the next 18 months and, because they cannot cope with managing a brand-new company, are replaced by professionals. We should not be surprised if the current management team is not the same in 18 months' time. That is normal and we should expect it.

The key thing is to ensure that the ODA understands how companies are built and developed, and that the appointment of people to the management team is

[Derek Wyatt]

critical. I realise that the Secretary of State will make those decisions, but we need to understand that members of the management team will need to be replaced, not at regular intervals, but in two or three years' time.

Two things worry me, and they have been raised by other Members. The first is security. There was a hijacking at the Munich games in 1972 and a bomb at Atlanta in 1996. Greece did not expect expenses for security of £2 billion, which it had to take on the hip. The Athens games cost the Greek Government 10 per cent. of gross domestic product. In any normal economy, that would be overwhelming. Given the problems that face any major world event, security is critical and I do not really see why it should always fall on the home team to provide the money. The IOC is a very rich organisation indeed—it will probably take between £20 billion and £30 billion in TV fees over the next 10 years—and although it is generous in giving at least $1 billion to the host city, I do not see why there should not be a separate fee for security, and we need to argue for that between now and 2012.

Secondly—I will not be popular for saying this—we must look again at how this matter is managed in the House. We did have a Minister without Portfolio whose only portfolio was managing the dome. The dome was built on time and to budget. It was popular with some people. The only thing that did not materialise was our 12 million visitors—we only got 6.8 million. Everyone who told us that we would get 12 million was wrong, including every tourism expert and everyone from British Airways. If we can have a Minister for a rather minor event like the millennium dome, it seems to me that, as we grow our expertise in the Olympics, we need a Secretary of State for the Olympics, or a dedicated Minister for the Olympics only. That is very important. The Secretary of State has wide responsibilities. She not only has the Department for Culture, Media and Sport but she is Minister for Women too. As this complex, difficult area develops, the Government should look at establishing a Minister for the Olympics.

The ODA will report to Parliament and it will be required to send an annual report to the Secretary of State. I wonder whether we might beef that up. It is critical that the Government find time every year for the House to debate that report, as other hon. Members have said. I say that because I chaired a meeting two weeks before Singapore on the design implications of the Olympics. About 100 designers attended and the Minister for Sport and Tourism was there. One aspect made me nervous, and it has been raised by my hon. Friend the Member for Islington, North (Jeremy Corbyn), who is no longer present: housing.

In essence, so far the housing looks to be rather like Le Corbusier and the 1950s high-rises that went up in south and north London that we are now blowing up and taking down. We could be much more Port Sunlight, New Earswick and Welwyn Garden City. We need a very different approach on this and, if we go for high-density, cheap housing, we will deeply regret it within 10 years. It will not be the site that we think it is in legacy values. That is why there should be a way for hon. Members to feed our expertise into the system.

In *The Observer* last Sunday, there was an interesting article by Tim Payton, in which he floated the idea of Olympic parks across Britain. I am greatly attracted by that idea. We are all struggling in our constituencies, wondering which 1 per cent., or 1 per cent. of 1 per cent., we can get of the big budget of the Olympics. We are struggling to find out how we can participate if we are not a London borough. I just wonder whether the Olympic parks might be a good idea.

I also wonder whether we can persuade the Minister to look at that 12p in the pound of the lottery that goes to the Treasury. Although £750 million from the lottery will be made available for the games, a hell of a lot of money is still going to the Treasury from that 12p. Could we make that a bond that could go into the market to develop the Olympic park idea, so that if we beefed up the regional development agencies' interest in this whole procedure, we could at least give some of the money from the 12p to each RDA, to make some sort of infrastructure facility bid?

I live in Kent. We are the largest local authority. We do not have a single Olympic event. We do not have any facility that could host an American team or a Japanese team, and therefore we shall need to come for money.

Mr. Walker: I agree with the hon. Gentleman that it would be nice if we took the Olympics across the country and perhaps had dedicated sports centres and training centres that would allow the whole country to join in the Olympic year. Is that the sort of thing he is considering?

Derek Wyatt: It will not be for me to consider, but last week we had a debate in Westminster Hall on elite sport and, when the Minister for Sport and Tourism replied to the debate, he said that that evening he was seeing Charles Allen, who was in charge of the nations and regions part of the Olympic bid. We are all trying to understand how we can participate. For example, I think that my constituency has the second-best windsurfing in the world, in Sheerness, but of course we do not have a hotel facility for 80 people. Even if we built a hotel for 80 people, we would not be able to use it as a hotel once the windsurfing teams had gone. We do not want a white hotel. We want some system that will help us understand. If we want windsurfing, we must approach the international body first, then the British Olympic Committee and the British windsurfing organisation. We do not have the experience or expertise to understand the decision-making process, nor do we have the money. We are trying to understand what we can do. I hope the Minister will say in his winding-up speech that there will be a one-day conference so that all our chief executives, not just of the RDAs and councils, but of sporting bodies, can reach a better understanding of how we can participate.

It would be good if the RDAs could be challenged to do an Olympic audit. It would be instructive to know how many swimming pools, tennis courts or equestrian centres we have that are of Olympic standard. If they are not suitable, our councils must find the money to build them so that we can attract those sports. If we do not do that, Paris will, and so will Brussels, Hamburg and Berlin. We are competing for overseas teams not just inside the United Kingdom, but across western Europe. Hon. Members will remember that our Athens team took accommodation in Cyprus and our team to the

Sydney Olympics took accommodation in Brisbane for two years. That is big business and we need to understand how best we can participate.

If the Minister is so minded, I should be interested in serving on the Committee that will consider the Bill.

The Olympics could be a huge catalyst for sport. There are three things that we do not have in the UK: there is no sports think-tank, there is no archive of every piece of sports film ever shot, and there is no sports museum. If there is some way that we can lasso the Olympics system in order to upgrade sport to the prominence that it should have but has never had, this is the one opportunity to do that. With regard to sport archive development, will the Minister convene a meeting with the British Library to ask it to serve as the digital infrastructure for the United Kingdom and make the Olympics its first priority so that we can gather all the films that have been made about sport in the United Kingdom? Because the British Library is the best in the world, perhaps the project could be extended to garner sports film from the whole world.

As I have said before, the film of the 1948 Olympics, which was made on nitrate, is three hours long and has never been shown on television—I am still praying that BBC3 or BBC4 can find the time—was saved and digitised only because two people spotted it in a can about eight years ago in the British Film Institute library. We must not lose such material.

Another aspect that has not been discussed because it is not entirely covered by the Bill is the legacy that we leave the world from the games. Those of us who celebrated the millennium remember 300,000 people in Pall Mall. Why can only 80,000 go to the opening ceremony? Why can the celebration not take place all over London? Why should it not be celebrated in every football stadium? Would it not be wonderful if, like the opening of the millennium celebrations which started with Sydney harbour bridge being lit up with fireworks, we lit up all the cities around the world that have hosted the Olympic games, sharing an opening ceremony with all those cities and bringing a family of cities into the Olympic movement?

We should leave something so that people could say, "Ah, yes, London did that", much as we did in 1908 when we created the marathon. We also created the winter games in London in 1908 by freezing a swimming pool in the middle of the athletics pitch and skating on it. That eventually led to the winter games of the Olympic movement. In 1948 we introduced the photo finish and starting blocks. We have contributed many things as legacy, but they are tiny. It would be good if we contributed something major.

When de Coubertin set the marker for the games in 1896, it was for sport and arts. There were gold medals for poetry and music. We have a Nobel prize for literature, and it would be great if we could return to some aspects of the creative part of the Olympics. My hon. Friend the Member for West Ham said that 120 nationalities would participate. Would it not be spectacular if there was some way in which we could celebrate their cultures and our culture together, beyond just sport?

Once again, I commend everyone who has made this possible. It is the most exciting thing that will ever happen in my time. My son called me from school to say, "Dad, dad, we can go." He is only 13, and we do go to lots of sporting events. I said, "Son, I am not going to take you, I am going to watch you."

3.24 pm

Mark Hunter (Cheadle) (LD): I am grateful for the opportunity to make my maiden speech to the House today. First, I add my congratulations to London on its successful bid to host both the Olympic and Paralympic games in 2012. I am sure that London's Olympic bidding team must have taken great encouragement and inspiration from Manchester's tremendous success in hosting the Commonwealth games back in 2002. Members from across the north-west region will surely agree that those games were not just a great sporting spectacle, but succeeded in bringing together communities, including my own, in a way that few other events can do. The residents of Cheadle made up a considerable proportion of the vast army of volunteers whose selfless contributions made the Manchester games such a success. The community spirit and enthusiasm shown three years ago by my constituents is typical of the local population, whom I am privileged to represent.

It is also an immense privilege to succeed my friend and colleague, Patsy Calton, as Member of Parliament for Cheadle. Hon. Members will no doubt recall the courage and determination that my predecessor demonstrated only a matter of weeks ago in this very House. Having known Patsy for many years, I know that her qualities as a person and as a Member of Parliament were not defined only by the bravery and commitment that she displayed throughout her illness. She was an inspiration to, and a great servant of, the community in so many other ways. The drive and tenacity that she showed when assisting her constituents was matched only by her attention to detail and her sharp mind, which she employed in the House and in Committee. Her sheer work rate on behalf of the people of Cheadle will be celebrated for many years to come within the constituency and beyond. She came closer than most to bridging the gap between being a champion of the local community and a politician of national standing.

Let me take a moment or two to explain a little more about the constituency of Cheadle. It is located on the southern tip of the Greater Manchester conurbation, and many local residents consider their area to be part of Cheshire, as the constituency historically was. Even the briefest tour of my constituency amply demonstrates why residents feel this way. The word "leafy", used frequently to describe the constituency, simply does not begin to do justice to Cheadle. We are blessed with magnificent, award-winning parks and nature reserves, such as Bruntwood park and Gatley Carrs, and tree-lined streets throughout the local area. I would advise any hon. Member fortunate enough to be visiting the area that there are few better days out to be had than taking a trip to Bramhall hall, a magnificent 14th-century manor house and its surrounding park.

A number of hon. Members have probably visited my constituency over the past few weeks, and I hope that they all enjoyed themselves as much as I did. However, I assume that Members of the party to my right are unlikely to be putting in an appearance again for some considerable time.

[Mark Hunter]

It is not just the precious green belt and open space that make our area so special. We have a number of district centres, all with unique characters, which serve to provide a network of villages and community centres across the constituency. Cheadle village, Cheadle Hulme and Bramhall are all distinct local centres with a range of amenities but which also face constant challenges from out-of-town retailers and other pressures.

Cheadle is considered a prosperous area and the statistics appear to bear that out. An initial assessment would show that local people, in general, are highly educated, highly skilled and relatively highly paid, particularly in a regional and sub-regional context—a typically affluent suburb, some might say. That broad-brush approach, however, does not tell the whole story. It does not, for example, take account of the large number of pensioner households in every part of the constituency. Nor does it take account of the pockets of deprivation that can be hidden from Government funding formulae. It also fails to recognise the needs and expectations of the community.

The dire funding arrangements for local services are the topic of debate locally. As leader of the local council for the past three years, I can say that there is a certain grim predictability about the financial settlement for local government every year. It leaves the council that is responsible for so many vital local services in an unenviable position, as both a low grant and a high council tax authority. It means that a two-pensioner household in Heald Green can end up paying more council tax than, say, a Cabinet Minister is expected to pay in a different authority area, although our council spends less per head than any other Greater Manchester authority. Moreover, all the evidence suggests that the situation is likely to be exacerbated by council tax revaluation.

A pupil at King's Way school in Gatley in my constituency is funded at around £1,000 per year less than a pupil at a school just over a mile away, in neighbouring Manchester. Local schools already achieve excellent results, but so much extra potential could be released if we benefited from a fairer funding regime. All the signs suggest, however, that the inequality will only get worse unless something is done.

The position is replicated across a range of local services. Indeed, not long ago my predecessor had to fight tooth and nail to retrieve £1 million of funding for Stepping Hill hospital that was rightfully its money. As for crime and antisocial behaviour, we are all familiar with the raft of legislation that has emanated from the Chamber in recent years. The sad reality is that, during the same period, my constituency has seen the closure of one police station and the failure to establish a long-promised police post in Cheadle Hulme to replace it. There is no shortage of legislation, but there is a pressing need for more police officers to enforce the law. The principle of fairness underpinned the Liberal Democrat election campaign in May, and I intend to pursue it in respect of the funding of local services in Cheadle.

I am sure I am not the only Member whose constituents need and deserve a vastly improved transport network. Fortunately, my constituency has a coherent strategy as part of the south-east Manchester multi-modal study. The strategy includes completion of the Manchester airport eastern link road, as well as construction of the Poynton bypass and the A6 Hazel Grove bypass. The current road network, involving the infamous "road to nowhere"—the airport link road—only serves to funnel traffic on to suburban roads in the Heald Green, Woodford and Bramhall areas, where the infrastructure is totally unsuited to coping with the volume.

I am not the first Member for Cheadle to refer in a maiden speech to the importance of delivering the A555 relief road scheme, but I hope for the sake of my constituents, and indeed neighbouring constituents, that I am the last.

While I intend all those serious issues and many more during the time for which local people allow me to serve in this role, I consider myself one of the most fortunate Members in the House in being given the opportunity to represent such an attractive, confident and cohesive community. It is therefore with sadness for the loss of my friend, but also with immense pride, that I have the privilege to serve the people of Cheadle. The constituency has seen some of the benefits that a major sporting event such as the Olympics can have for a community, in so many different ways. Other Members have said the same this afternoon. With careful planning, I hope that London can repeat that success in 2012 not only for the capital, but for our country as a whole.

3.34 pm

Mr. Andrew Dismore (Hendon) (Lab): I thank you, Madam Deputy Speaker, for indulging me and other London Members, who have had to duck in and out of the Chamber to find out the impact of this afternoon's traumatic events on our constituencies and constituents.

I congratulate the hon. Member for Cheadle (Mark Hunter) on his maiden speech. As far as I am aware, I have never visited Cheadle, and although he did not say anything that put me off the idea, I suspect that it may be a little time before I get the chance to do so. I congratulate him on his model maiden speech and wish him well for the remainder of the Parliament.

This afternoon's events again bring into juxtaposition the Olympics and terrorism in London. It seems to be an unholy coincidence that just as the euphoria of the bid success in Singapore was succeeded by terrible atrocities the following day, today we are debating the Olympics and again we have seen appalling events in London. By 2012, the pain caused by the horrors of a couple of weeks ago, which will never be forgotten, will, I hope, have eased. A successful games will be the best memorial to those murdered two weeks ago. So far as I am aware, my constituency suffered more than any other two weeks ago, in that four of my constituents—Rachelle Chung Far Yuen, Michelle Otto, Neeta Jain and Anthony Fatayi-Williams—were victims. Those four people came from four different ethnic backgrounds, which reflects my constituency's diversity, London's diversity and our country's diversity.

Diversity was a key factor in our successful bid. Every visiting team will have its own home crowd, because among London's residents there are people with roots in every nation in world. Some of those residents are recent arrivals to our shores, while others have been here for

generations. The Norman Tebbit cricket test was out of place when it first appeared; it is out of place now; and it will be ancient history when we host the games in a few years' time. People will back the GB team as well as the team from their roots country, which is how it should be. The GB team will be strengthened by our country's diversity, because competitors from different backgrounds will add to our chances of striking gold, and the whole of our country will support it, irrespective of ethnic roots. A successful 2012 games is the best way in which to answer the bombers. I am pleased that the Mayor, Ken Livingstone, has announced that relatives of the victims and those who were injured will be given pride of place in the stadium at the games.

Bombers and terrorists do not believe in the Olympics or the Olympic ideal. My hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) has referred to the history of the ancient Olympic games. The Olympic truce was another feature of the ancient Olympics. We should consider trying to stop wars around the modern world, at least for the couple of weeks of the games, in the same way as wars were stopped in the ancient world as part of a religious duty. Greece tried to engender such a truce before and during the Athens games.

We must build quickly and locally on the great enthusiasm for the Olympics. Good practice notes are needed to help communities and local authorities use the games as a focus for their own sporting endeavours. As has been said, London council tax payers will pay some £20 a year towards the cost of the games, and if we are to maintain enthusiasm, we should spread around the benefits.

How should we go about arranging training camps for visiting teams and how can other countries' Olympic associations find out what is available in our different communities? Shaftesbury Barnet harriers, one of the country's leading athletics clubs, is based at the Copthall stadium in my constituency, where there are also two specialist sports colleges and many other public and private sports facilities. Some of those are in need of investment to bring then up to scratch, although in many cases it is not a large amount of money. We need to know whether that investment is available and how it can be readily accessed to ensure that in hosting visiting countries' teams we can provide the facilities that they need to ensure that they can compete to the best of their ability. Will there be some co-ordination among areas able and willing to host visiting teams or a competitive environment with one authority bidding against another? I would prefer proper co-ordination around the country and around London to ensure that the games are distributed fairly.

Ms Butler: Does my hon. Friend agree that co-ordination is also needed as regards the delivery of apprenticeships? We need to ensure that companies that are already established in delivering skills for jobs, such as Stonebridge House, are used in the bid process.

Mr. Dismore: My hon. Friend makes an important point. I hope later to raise one or two issues concerning the construction projects.

In housing visiting teams we should build on diversity around the country to try to host teams in communities with which they have links. For example, in my area we have a large Jewish community with many excellent connections and roots in Israel. We have one of the largest Indian communities in the country, and many African nations are represented. Is it possible for several areas or local authorities to get together to put in a joint bid to host some of the larger teams? We need some guidance on how those arrangements should be made and accessed. The proposed Olympic delivery authority could play a useful role in the co-ordination of such activities.

My hon. Friend the Member for Brent, South (Ms Butler) anticipated my remarks when she mentioned the role of apprenticeships as we go about organising the construction projects. It is fair to look at what has happened elsewhere. In Greece, much of the construction work, large and small, was farmed out around the whole country, benefiting the whole of Greece and the Greek economy. There is no reason why that should not happen here, given that this will probably be the biggest and most important construction site in London and the south-east, if not the whole country, once terminal 5 is completed.

My hon. Friend also said that this should be an opportunity to ensure that there are plenty of local jobs for local people. Foreign teams of construction workers may arrive from all over the European Union, perhaps in the same numbers as their sporting teams given the scale of the project. There is no excuse for not making efforts to ensure that local people are trained up, through the apprenticeships that my hon. Friend mentioned, to play their part in building the major projects in the east end. It would be alienating for local young people if they saw people coming in from outside and the sporting facilities going up with no jobs for them.

Those who work on the sites must have proper terms and conditions and health and safety arrangements. That is particularly so in the case of overseas workers. During the last Parliament, the Work and Pensions Committee's report on the work of the Health and Safety Executive highlighted the problems of health and safety in the construction industry, with particular reference to the position of migrant workers. I hope we can take that into account in our approach to the letting of construction contracts.

Ms Butler: In the context of the trade unions, will my hon. Friend join me in congratulating the GMB on the deal that it has managed to secure whereby Wembley stadium in my constituency will be built on time next year?

Mr. Dismore: As a fellow GMB member, I am grateful to my hon. Friend, who makes an excellent point. The GMB has played a major role in that success. Trade unions can play a constructive role in ensuring that the work force plays its full part in delivering such projects on time. We have some excellent trade unions working in the construction industry. Their job is not only to ensure decent terms and conditions and health and safety but to act as a proper link between management and work force to deliver these important projects.

Many others Members wish to speak, so let me say in summary that we would welcome a cultural Olympics throughout the capital. London is the cultural capital of

[Mr. Dismore]

the world for theatre and art. The Olympics will bring enormous economic benefits to London and the country as a whole. The legacy of the Olympics will be long-lasting.

I congratulate all those involved in the bid. It was a hard but worthwhile job, and a job well done. Now the real work starts to deliver the Olympics. I know that all my colleagues in London, in this House and in local government will do their utmost and make great efforts to ensure that the games are successful, as will the Government.

3.45 pm

Richard Ottaway (Croydon, South) (Con): It is a pleasure to follow the hon. Member for Hendon (Mr. Dismore), particularly as it is not a Friday, when he is not constrained by a time limit. I noticed the passion with which he spoke about the Health and Safety Executive, which we will hang on to with great interest.

I congratulate the hon. Member for Cheadle (Mark Hunter) on an excellent maiden speech. I did not go to Cheadle during the campaign, although I have to admit to spending a lot of time on the telephone, talking to his now constituents. He should not take it for granted that I will not call in future, but I congratulate him and look forward to hearing his contributions in the years to come.

Like others, I congratulate the bid team on a fantastic triumph. Seb Coe and the others deserve every accolade. We should not forget the efforts of Barbara Cassani, who laid the foundations at the beginning of the bid. For Londoners it was a rollercoaster week with such euphoria on 6 July and such depression on 7 July. It is up to the people of London to make a success of this. It is the greatest honour that the world can bestow on a city and we must make the best of it.

London will reap tremendous benefits: the legacy, the development of the facilities and the inspiration to our young people. I agree with the hon. Member for West Ham (Lyn Brown) that we must involve the boroughs as much as possible. I should be interested to hear from the Minister how parts of London with facilities to offer can put them forward. Will there be a sort of clearing house? In the Croydon and Bromley area there is Crystal Palace, which has already been mentioned and does not need a clearing house, and schools such as the Whitgift with tremendous national-class facilities, which it would love to make available. Guidance is needed on how that is best achieved.

Plans for London are undoubtedly ambitious. There will be a number of temporary facilities, such as Lords, Wimbledon and Horseguards Parade. There will be places around the country, such as Weymouth for rowing and sailing, in which I take a particular interest. The Lea valley site is extremely large. Canary wharf is only 85 acres; Lea valley will be 500 acres. It will need top-class management to fulfil its potential and to bring about the necessary restoration and regeneration of the east end. I do not want to make party political points, but lessons can be learned from the Jubilee line and the dome. The hon. Member for Sittingbourne and Sheppey (Derek Wyatt) held out the dome as a triumph; others might not see it that way. The lessons of development and project management have to be learned from those projects.

A lesson is to start building early. If we leave it to the last minute, as in Athens, there will be the inevitable scramble, which we want to avoid. A key player will be the Mayor of London. I am pleased that he is given substantial powers to cut through bureaucracy. With a major development, many organisations feel obliged to be consulted and want to have their finger in the pie. It will take a fairly ruthless so-and-so to cut through that and drive the project forward.

The people of London still need clarity about finance. The Secretary of State said in her opening speech that the position was clear. It is clear if the games are on budget, but if the cost overruns, it is not clear who will pay and how the contributions will be found. If the Minister is not in a position to elaborate tonight, will he provide a steer in the coming months?

I want to consider the affected businesses. I have taken a particular interest in one company, F. H. Brundle, whose sole proprietor is a constituent of mine. He has run a business in the relevant area for several years and owns a freehold site. However, he is obliged to relocate. He is a builder's merchant who picks up passing trade that comes from the east end of London into the development sites of the City and the west end. The London Development Agency is offering to relocate him five miles away in Beckton or 12 miles away in Rainham Marshes. Neither site has freehold available. My constituent has a freehold site and there is therefore no question of like-for-like compensation.

My hon. Friend the Member for Beckenham (Mrs. Lait) made the point in relation to clause 4 that the sums of money are equivalent to those that would be paid if the land were purchased compulsorily. If that is the cap, the businesses will lose money. They have to find a new site and build on it and relocate factories. Not all the staff will be able to move with them. There will be redundancy payments and relocation costs. Investment value will be lost because the businesses have freeholds but will end up with leaseholds. Business will be lost in the transition and because the firms are no longer on such a prominent site. My constituent estimates that he will lose several million pounds.

I know that the Minister has an open mind and that he does not want such consequences. However, the Bill suggests that, with all the good will in the world, there will be losses. I hope that either I have read it wrongly or the matter can be tackled in Committee. I hope that there will be scope for proper compensation for the businesses that are affected by the problem.

Before the bid was successful, the line was always that the matter was for the LDA to determine. The Minister knows that I asked about that on several occasions and the Secretary of State claimed that it was a matter for the LDA. However, the LDA says that it is constrained by statute and finance. We are going around in circles and only two people can cut through the problem—the Minister and the Secretary of State. I would be grateful if the Minister could tackle the matter as a priority because businesses will be seriously affected. There is a lack of suitable alternative sites nearby. The sites on offer from the LDA are not ready to plan for or start development. There is uncertainty about the available funding and compensation. Many businesses are already worried about the time frame for their location.

The Olympic games will be a major project, subject to the scrutiny of the nation and the world. There are bound to be problems. There will be scandals, accusations of corruption and issues that we have not anticipated. It is incumbent on us all to keep our nerve when the going gets rough. We are not considering a political issue. All the parties want to get behind the games and make them a success. London has the ability to put on a great games, but we must deliver.

3.54 pm

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I, too, would like to praise all those involved in the bid, but I would like specifically to single out those who have not been mentioned by name earlier. Over the past few days, we have discussed the difficulties involving our cleaning staff here in the House who have been campaigning hard for an increase in their pay. I want to pay tribute to all the back-office staff—secretaries and the like—who have worked so hard on the Olympic bid and who have not been named. Yes, a lot of good work has been done by Lord Coe and his colleagues, but without the support staff, none of it would have happened. So I want to put on record my praise for them.

Many right hon. and hon. Members have commented on the tremendous opportunities offered by holding the Olympics and the Paralympics. I hope that we take the opportunity to embrace what has come out of the Disability Discrimination Act 1995 and the good will that exists to ensure that people with disabilities are rightly and fully included in our wide-ranging society. In that regard, we must ensure that we give equal weight to the Olympics and the Paralympics.

My constituency can look back for inspiration to the 1920s, when Bob Leavers from Longton was a swimmer of some renown. More recently, it has seen the emergence of a brother and sister sprinter partnership in Alex and Ashleigh Nelson, who have won some championships in the past few months. It is important that we start now to identify those inspirational athletes, and that we inspire our young people to come forward to be trained and brought through.

I would like the Minister to consider this suggestion: across the country, we have many specialist sports colleges; let us rebrand them. Let us make them specialist Olympic colleges. Let us really seize every opportunity provided by the Olympics and the Paralympics to ensure that we inspire our young people to embrace this opportunity. There are other, more wide-ranging facilities in our communities. Many of the schools in my constituency have swimming pools. Over the years, there have been various swimming galas, but they seem to have lost the impetus that they had in the past. Let us take the opportunity to ensure that all our facilities used to the maximum. Let us do an audit to determine which schools have swimming facilities, running tracks and so on, and ensure that they are being used to the utmost and made available to the community. There are also many new facilities such as children's centres springing up in my constituency. Let us look at those to see whether we can bring them into use for the Olympics and Paralympics.

The difficulties involved in ensuring that athletes are able to compete has been mentioned. This might sound corny, but I urge all our communities around the UK to adopt an athlete. Let us identify the athletes in our communities and embrace and support them. Let us help them and work with them to give them every opportunity over the next seven years to get into pole position—I hope that I am not mixing up my sports—so that they can fully participate, up there with the best, and bring home gold for us.

Of course, the not-so-young can also get involved. I am sure that hon. Members will be amazed, seeing this athletic form standing before them, to learn that older athletes or potential athletes can get involved, not only in sporting events but in other areas such as volunteering. It is important that it is not only Londoners who feel able to volunteer. We need to ensure that people across the UK can volunteer to take part.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I chair the National Strategic Partnership for Volunteering in Sport, and I am sure that my hon. Friend will be pleased to learn that we have just held a meeting here in the Commons this morning. Indeed, some of the other members of that body were in the Gallery a moment ago. More than 25,000 people have already signed up for volunteering. I do not know what I am going to be doing in seven years' time, but I want to endorse the point that my hon. Friend is making: everyone in the country can participate in the games by signing up, and they can sign up now.

Mr. Flello: I am grateful for that intervention, because it is important to make sure that every community is involved. Given some of the difficulties that some communities are facing at the moment, this is a good time to stretch out the hand of friendship to them, and to make sure that they are part of the plans in the lead-up to the Olympics and Paralympics.

Several Members have started to put forward their constituencies as possible training venues. *[Interruption.]* I hear the cry, "Surely not" around me. It is important that a complementary approach is adopted, as some constituencies might have facilities that are perfect to host a particular training venue, and adjacent constituencies might have other facilities that would support and complement that. We must avoid a bidding war, and work with rather than compete against other areas to ensure that bids are coherent.

As many Members have mentioned, sport and volunteering are not the only possibilities arising from the Olympics. Over the past couple of days, colleagues representing north and east Staffordshire constituencies have come together to try to give some political leadership to the region. We are looking to form a north and east Staffordshire Olympic taskforce to engage with various agencies such as the regional development agency, the north Staffordshire regeneration zone, the various city and county councils, the Staffordshire sports partnership and, as has been mentioned, trade unions. A tremendous opportunity exists for trade union membership across the UK to be used as a conduit to bring in volunteers and to spread the message about how people can get engaged and take part in various activities. That huge network needs to be tapped into.

Builders, plumbers and the like will be required to construct facilities in London. Many Londoners already find it difficult to obtain a plumber, however, and if they

[Mr. Flello]

all go off to work in the constituency of my hon. Friend the Member for West Ham (Lyn Brown) and in Hackney, Hendon and other areas, there will be a gap. Let us therefore encourage our young people to go into careers in plumbing and building—there will also be vacancies locally as others go off to do work in the areas being developed. My hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) has a facility in her constituency for training people with such potential, and we must make sure that learning and skills councils are on board.

The north and east Staffordshire area is ideally placed for logistics. Teams travelling from all over the world will wish to set up in different parts of the UK and to bring over equipment in advance. Storage and distribution facilities will therefore be necessary. Without wanting to plug north and east Staffordshire too much, it is a perfect location for such activities. As a final plug, the Olympics will need an official supplier of ceramics, and where better than Staffordshire?

I hope that the Olympic team will consider setting up regional park-and-ride facilities across the wider UK, to which people can drive and then get public transport into London, rather than everybody being required to drive down to the south-east and then get a train. That would ease congestion in the area and ensure that the whole package is better for those coming to the Olympics.

On ticketing arrangements, which several colleagues have mentioned, I hope that the International Olympic Committee will give careful consideration to providing better concessionary arrangements for hard-working families. I also hope that steps are taken to ensure that people across Britain are able to afford the tickets and that a suitable public transportation package is put together.

The question of fair trade has already been raised in the debate. It is vital that we make sure that the Olympics and Paralympics do not provide an opportunity for manufacturers to sell sports equipment and national team clothing put together by child and sweatshop labour in developing countries at poverty wages. We must show real world leadership and make sure that these Olympics and Paralympics are the fair trade games.

In conclusion, the news about the Olympics is excellent for the UK. People across the country must be able to seize the opportunities that come their way and take advantage of every possible spin-off. We must work collectively as a country and not in competition with each other. We should save the competition for the Olympics and Paralympics.

4.5 pm

Mrs. Maria Miller (Basingstoke) (Con): I am grateful for the opportunity to contribute to this debate. I shall keep my comments brief to allow other hon. Members to make their contributions, but first I want to congratulate the hon. Member for Cheadle (Mark Hunter) on his excellent maiden speech. I had the opportunity to visit his constituency recently and can confirm that it has many beautiful and leafy roads for people to walk along. I look forward to returning in the not-too-distant future.

I want to echo many of the sentiments already expressed in the debate about the benefits that staging the Olympic games in London in 2012 will bring to the UK. I am very proud that Scott Wilson, an engineering consultancy in my constituency, will play an important part in some of the logistics behind the event. The Secretary of State spoke about the potential benefits for the whole of the UK, and I agree that the Olympics will provide a lasting legacy in terms of sporting facilities. The games will give us a unique opportunity to showcase our country and to unite behind the event.

However, as my hon. Friend the Member for Beckenham (Mrs. Lait) said, it is time to ask questions. I want to bring to the attention of the House concerns that the scope of the Bill could make it difficult for community organisations and the business community to show their support for the 2012 Olympics. Community organisations and many small and medium-sized firms can never hope to be official sponsors of this great event, as such a role costs many thousands of pounds, but I am sure that they will want to support an event that will be an integral part of our lives for the next seven years.

One specific concern is that the Bill will prevent any references to the games from appearing in our communities other than those made by the media and the official sponsors. There is an important balance to be struck between protecting the official sponsors of the games and people's broader freedom to note this important event.

Official sponsorship is an important part of the revenue stream needed to fund the games, and I understand that we must protect the value of the games for potential sponsors. In many ways, the Bill is designed to prevent ambush marketing, in line with one of the IOC's requirements. I am sure that hon. Members will be familiar with the IOC's definition of ambush marketing, which refers to all

> "intentional and unintentional attempts to create a false or unauthorised commercial association with the Olympic movement or the Olympic games."

The inclusion of the relevant clause in the Bill is understandable, as large corporations have engaged in blatant ambush marketing in many recent high-profile sporting events. However, I believe it important that we distinguish between unfair association, involving an implied endorsement and a consequent marketing gain, and mere reference to or allusion to the games, in which an Olympic logo might not even be used. Here, I am referring to schedule 3, under the terms of which, any reference that may

> "create in the public mind an association between the London Olympics"

and words such as

> "2012 . . . twenty twelve . . . gold . . . silver . . . bronze . . . London . . . medals . . . sponsor"

and even "summer" would constitute an infringement.

There is a big difference between ambush marketing and reference to the event by a third party who is not an official sponsor. Such a party could be a small local business or even a community group. That the use of the words that I have listed might infringe the law is a matter of great concern, and it does little to support our cross-party efforts today to get as many people as possible involved in the forthcoming event.

If there is no implied suggestion that an organisation or business is an official sponsor, or that people could be confused into thinking that such an association existed, such an organisation should not fall foul of the legislation. We need to consider this issue very carefully. The danger is that we will tip the balance away from encouraging the country to support the event, toward what could look like censorship. That is a particular danger for community organisations and businesses. A passing reference by them to the games could mean that they were committing an offence, and they could face a fine of up to £20,000.

I fully understand the need to provide certainty in order to protect sponsors' rights and, indeed, the integrity of the Olympic movement. But I want the Minister to reassure us today that care will be taken and that we will not gold-plate this legislation. We must not put in place draconian rules that exceed the needs of the IOC, and which risk alienating the public and business by outlawing reference to the games in publicity or in events, for fear of incurring the heavy fines to which I have referred.

This is a unique opportunity to unite the whole country, but it is important that we strike the correct balance between guarding against ambush marketing by those who seek to benefit from the games commercially without being sponsors, and taking account of those who want to support their community and the games—be they businesses or other organisations—and to be part of one of the most important events in our country's history.

4.12 pm

Laura Moffatt (Crawley) (Lab): It is a pleasure to follow the hon. Member for Basingstoke (Mrs. Miller), who is entirely right in saying that this is the beginning of our opportunity to scrutinise this Bill and to celebrate. I hope that, as a Member from outside London, I can demonstrate in my contribution that we in Crawley are truly delighted that the Olympic games is coming to London and to the UK.

Most of my friends and family will find it hilarious that I am supporting a sporting activity, given that I object to walking 15 yd to the car, but I have to say that I have been completely enthused by the whole process. I am glad to say that I have form on this issue, in that, as early as the beginning of last year, I was asking my right hon. Friend the Secretary of State what the Olympics will mean to towns and cities outside London. I suspect that I was flying a few kites, without really being certain that the bid would come to anything. However, I am delighted that there is evidence in *Hansard* that I was interested in the issue then. I remain interested in it, and committed to ensuring that not only Crawley but the rest of the UK benefits from the fantastic opportunity presented by the Olympics and Paralympics coming to this country.

It is completely fortuitous that Crawley happens, in a few weeks' time, to be opening one of the best sports facilities that this country will see. It includes a fantastic running track, a leisure centre that will be the envy of the country and a 50 m pool. The pool has been provided for the people of Crawley—it was their money, and they built it. But we can see that there are fantastic opportunities to enthuse and engage with young people. I am glad that my political history lies in an enlightened Labour council that has always provided first-class facilities. To see that matched now by the Government's commitment to making sure that the games come to the United Kingdom is to see something extremely special to us all.

When we were building the facilities, we were worried we would not have enough money, and I am glad to say that my right hon. Friend the Minister for Sport and Tourism received a delegation from Crawley to hear about the benefits the development would have. We began then to be a bit more excited by the idea that there might be opportunities for us in our part of the world to be able to contribute. And we believe that that is what we are doing in Crawley—making a contribution to the tremendous bid. It is not just about getting our name on the map, but about contributing to ensure that the 2012 Olympics and Paralympics will be the most successful ever, and I firmly believe that they can be.

Part of the Olympic bid involved diversity, and many hon. Members have mentioned that. For a town with almost 15 per cent. of its people coming from different ethnic minority groups, it is important that we deliver an Olympics that truly encompasses all the fantastic diversity that we have in the UK.

There are several other reasons why we are very keen. I have mentioned the enlightened approach of Crawley borough council, which has delivered fantastic athletes to the UK. Not a Member will not be aware of Daley Thompson, the fantastic decathlete who won gold in 1980 and 1984—an Olympic gold medallist who came from Crawley. He was offered free facilities, in Crawley, to make sure that he was able to achieve his magnificent wins. The same goes for Mick Jones, the hammer thrower, who won gold at Manchester in 2002 and who continues to compete. A woman I am particularly proud of and know well is Jane Blackburn, who won gold for archery at the last Paralympics. The House can see we have a fantastic history of not only contributing facilities but making sure that people are developed from those facilities and will be encouraged to be able to take part in what will be a fantastic games.

I have some questions for the Minister. I am keen that Crawley plays its part, but I firmly believe that we need an orderly collection of towns and cities able to contribute and that things should not be done simply by saying, "We have better facilities, so it should be us." We should be able to look to the ODA to assess properly the facilities and opportunities that towns and cities can offer and to ensure that they are recognised in such a way that we feel secure about having been offered an opportunity.

I firmly believe that would leave a good legacy for many years. I have spoken with people who were involved in the Sydney bid, and I have family members in Sydney who are involved in the volunteer programme, which continues to this day. People are continuing with the volunteering habit that they developed in the Olympic games, and that has to be a tremendous spin-off, which we need to accept and develop, and we have heard from other hon. Members just how that can be done.

We have fantastic links. Gatwick airport is in the Crawley constituency, and we are developing plans for a university campus to offer accommodation. Having

[Laura Moffatt]

said all that I have said about a co-operative approach, I do not think that there can be a better town than Crawley to contribute to this fantastic games. That is precisely what I am saying to my right hon. Friend the Minister, to ensure that we are considered and that we make this truly a magnificent time for the United Kingdom.

4.20 pm

Mr. Andrew Pelling (Croydon, Central) (Con): I very much agree with what the hon. Member for Crawley (Laura Moffatt) had to say about the opportunity that the Olympics, as a celebration of sporting excellence, can offer us, not only in fostering sporting excellence across the United Kingdom and identifying sports people who will win medals for us, but in taking the fullest advantage of the sports facilities that different communities can offer. For London, this celebration of sporting excellence is important. We shall see many facets of sport across greater London and the games will bring many nations together. With so many different people, London offers such diversity.

One matter that has not been mentioned so far is that the bid was successful because it offered the prospect of being the greenest Olympics. Public transport will be used to allow people from across the whole of London to reach the games. It is important, especially for my constituents in south London, that the Government's very good promises to invest in the East London line and extend the trams across south London, particularly to Crystal Palace, will provide support for good green travel plans.

I am pleased that much reference has been made to the accountability of the Olympic delivery authority on the potential for cost overruns, especially in the context of the role that the Greater London Assembly has to pay—has to play, but also potentially pay—in holding the Mayor to account and scrutinising the power given to him by Parliament to restrict that budget if he has a two-thirds majority in favour of doing so.

I made an intervention earlier in the debate about the great reluctance of the Mayor, the London Development Agency and members of the Olympic bid team to present themselves before the London Assembly when its members recently had questions to ask about the efficacy with which the bid would be taken forward. It strikes me that there will be a conflict in the procedure if the ODA refuses to appear before the Assembly when it has a role in restricting the budget that may be made available for this important initiative for the country as a whole. A sensitivity has been created by the tremendous gearing towards the London taxpayer when only 8 per cent. of the GLA's spend is funded from London council tax payers.

Justine Greening (Putney) (Con): Transparency is fundamental in ensuring that the finances are robustly controlled. Does my hon. Friend agree that a good way to create transparency is to allow scrutiny by Londoners and separate out the Olympic precept on council tax bills in the same way as the London Mayor's precept is spelt out?

Mr. Pelling: That is a helpful suggestion. It might also be helpful to require the ODA to appear once or twice a year before the Assembly for scrutiny. That might be a way to facilitate understanding, rather than create potential conflict, which would not be helpful to progressing this important initiative.

I am also concerned about how the ODA will proceed on issues such as decontamination of the land, burying the power lines and any problems left over from the small nuclear power station—the GLA raised that issue recently. All those issues have the potential to cause significant cost overruns, so it is important to have transparency on them.

The role of the London Development Agency has not been mentioned positively so far in this debate, but the agency and the GLA should be congratulated on the positive role that they have played so far in the success of the bid. The LDA will have a significant role to play in the future and I shall be interested to see what the relative roles of the agency and the GLA will be, as laid out in the schedules to the Bill. Significant powers will be given to the GLA, and on balance that should be seen as a positive development.

It is important that the LDA should also be required to report frequently on its performance with regard to the Olympic process. As someone who used to sit on the LDA board, I have noticed the significant transfers of spending from other parts of London that are not close to where the Olympics will take place, even areas of great social deprivation. Such developments should be closely followed.

In conclusion, the Olympics offer the prospect of sporting excellence, but it is also important to ensure the greatest excellence in the way in which they are delivered, because London taxpayers cannot afford any kind of cost overrun when the gearing in the London tax schemes is so high.

4.28 pm

Lynda Waltho (Stourbridge) (Lab): I add my congratulations to the hon. Member for Cheadle (Mark Hunter), whose speech displayed an excellent grasp of all the issues affecting his constituency and obvious dedication to it. I wish him well in his future political life in this place.

I wish to congratulate my right hon. Friend the Minister and the whole Olympic bid team on their hard work and determination in bringing the Olympics to London. There is nothing like an international race involving the French and the Brits to get the heart and lungs pumping. We were a little late out of the blocks but still took the winner's tape, which shows the mettle of the British team.

Along with the rest of the country, my constituents have welcomed the decision to bring the games to London in 2012, because they recognise the prospects for the whole country. Like my right hon. Friend the Secretary of State, I have been amazed by the reaction from children and young people. On numerous occasions when I have visited the schools, clubs and colleges in my constituency, they have shared with me their hopes and dreams of success in the future, focusing particularly on 2012 as the culmination of all of their ambitions. Imagine the effect on all those hopes and dreams when Conservative-controlled Dudley council announced plans to close Brierley Hill swimming baths, a facility that serves my constituents and those of the

Minister for Trade, my hon. Friend the Member for Dudley, South (Ian Pearson). Many of my constituents from Brierley Hill, Amblecote and Quarry Bank learned to swim at Brierley Hill and many children still receive their lessons there. Local schools use the baths and the leisure centre is home to the Brierley Hill and Stourbridge swimming clubs and to the Dudley Dolphins diving club. In addition to competitive sport, the baths and the rest of the leisure centre provide local people with opportunities to improve their fitness and to relax.

The decision to close the baths is in direct conflict with advice from Sport England, whose survey proved that Dudley as a whole has poor provision of sporting water space. Our club swimmers and juniors have great prospects for achievement in 2012, but no hope of assistance due to that short-sighted council decision. The blow was all the harder to take when the first citizen of Dudley, the mayor, added his vote to close the baths. The local newspaper, the *Stourbridge News*, which serves Dudley, South and my constituency, has launched a campaign with SOS—Save our Swimming—to retain the baths, or at least to encourage the council to find an alternative piece of land for a replacement facility, to provide a venue for learning vital life skills and for maintaining the fitness and health of all my constituents, as well as developing the talents of young swimmers and divers in Dudley and Stourbridge.

I hate to be the spectre at the feast, but my constituents voted for me to protect their interests and to champion their rights. They have the right to good health and good local council services and, most importantly, my younger constituents deserve the chance to dream and to achieve. All that will be harder to attain in the light of that short-sighted decision. I ask my right hon. Friend the Minister to join me in condemning that decision, to add his name to the petition to save the baths and to use his good offices to prevail on Dudley council to reverse the decision.

4.31 pm

Jo Swinson (East Dunbartonshire) (LD): I apologise for the fact that I was unable to be in the Chamber for the first few minutes of the debate, especially as the whole debate has been so positive and enjoyable. Such a spirit of celebration and consensus is particularly appropriate on the day before the recess.

I warmly congratulate my hon. Friend the Member for Cheadle (Mark Hunter) on an excellent maiden speech. He knows, probably better than most people, that Patsy will be a hard act to follow, but I am confident that he will do well. I welcome him to the House.

I feel that the debate would benefit from a Scottish perspective. As many Members will know, there has been much support in Scotland for the London Olympic bid. The Scottish Executive supported the bid team, and many polls conducted among the Scottish public have shown a high degree of support. Generally, certainly in the House, there has been cross-party support among Scottish MPs, with the possible exception of the Scottish National party, although perhaps, as we heard earlier, even the SNP may yet be convinced of the benefits to Scotland. I am certainly convinced that Scotland will benefit greatly from the Olympic games in London.

As Members may know, Hampden will be one of the locations for the football tournament. Glasgow is ideal for that, as there is intense passion for football in the city; Rangers and Celtic matches always provoke a lot of cheering and high spirits. Indeed, Scotland would be an ideal location to kick off the football tournament, which will be held before the main opening of the games. I hope that the organisers will consider that option.

Scotland has hosted other national sporting tournaments. The special Olympics were held in Glasgow in early July and were a great success, partly because the city has a reputation for being friendly and good at hospitality. Scotland also has a national treasure in the tartan army, which is famed for travelling round the world to support our team; the army was much loved by the French people during the World cup in 1998 and is held in great affection. However, at the last World cup, people were unable to see the tartan army in such large numbers, as unfortunately Scotland did not qualify. However, we Scots have also learned to lose with good humour. It is important to be able to do that in sport, and certainly in many cases the taking part and the enjoyment are also important.

My hon. Friend the Member for Bath (Mr. Foster) mentioned the way that sport can unite the nation, and I was reminded that even sports that are not usually on the front or back pages of newspapers—sports that do not usually get a lot of publicity and generate a lot of interest—can unite the nation. I recall the winter Olympics, when, like many others, I went into the office to work the next day and found that everybody had been up until the small hours of the morning watching the curling team's victory. That is not a sport that one would usually expect the masses to be interested in, but it provides an example of how sport can unite people and get their enthusiasm going.

Obviously, huge economic benefits are likely to be experienced across the UK. David Williams, chief executive of Events Scotland, has estimated that that benefit will run into hundreds of millions of pounds for Scotland alone. Obviously, that will involve training camps being set up, attracting teams to come and prepare for the games; Scotland is well placed to do that. Sports facilities of international standard, such as the Scotstoun stadium, which has international standard badminton and athletics, Strathclyde country park with its rowing lake, and even the Tollcross Olympic swimming pool over in Edinburgh, will, I am sure, act as great attractions. Indeed, in my constituency we have a £14 million world-class training complex for a range of football clubs—Murray Park, based in Milngavie. So Scotland has world-class facilities, up to international standards, and I am sure they will help Scotland, through the London Olympics, to attract teams from around the world to benefit the economy.

As other hon. Members have mentioned, the games are also likely to act as an inspiration to achieve sporting excellence within the UK. Not all Members can claim the experience of my fellow Scot and right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) of participating in an Olympics as a competitor, but I am sure we all share the desire to see young people raise their ambitions to become Olympic champions in 2012.

Last week, in fact, two young constituents of mine, David and Stephanie, visited the House with their parents. After the tour, when they had learned all about the history, I was chatting with them outside and they were saying that they were keenly interested in sport. Of

[Jo Swinson]

course the conversation turned to the Olympics and the excitement that if they persevere and train hard, it might even be possible that they too could compete not just in the Olympics, but in the Olympics in the UK. That thought acts as a wonderful motivation for young people taking part in sport. Indeed, Andy Murray, who is fresh from doing Scotland and Britain proud at Wimbledon, has said that the thought of playing Olympic tennis at Wimbledon with the backing of the crowd would be perfect, and I too think that would be perfect, especially if it put us in with a shot at the medals in tennis.

In addition to the economic benefits that would surely arise from the training camps, there is the issue of tourism, which needs to be looked at seriously. We must be careful to ensure that strategies are in place to encourage people to use their visit to London, perhaps for the Olympics, as a starting point for a visit to other parts of the UK. The central belt of Scotland is just five hours on the train from London—or an hour on the plane, even if that is a slightly less environmentally friendly way to travel. It takes a little longer to get to the north of Scotland or the wild west—the highlands and islands—but it really is worth the trip, and many areas of the UK would fall into that category.

We need to get better at stimulating tourism across the UK by visitors to London. When I was studying in London, sharing a flat with students from America, south-east Asia and around the world, I often felt like an outreach of the Scottish Tourist Board. Often the attitude was, "I have seen London so I have done the UK." We need to open up people's horizons and say, "London is fabulous but actually there is so much more on offer in the regions of England, Scotland, Wales and Northern Ireland." We need to ensure that we are very much on the ball with encouraging that. The UK is a diverse, rich network of communities and there must be some new, inventive ways in which we can spark interest in tourism to other areas.

I conclude by saying that, obviously, we need to maximise these fabulous opportunities for London, Scotland and the rest of the UK. Many congratulations to everyone involved.

4.39 pm

Harry Cohen (Leyton and Wanstead) (Lab): The hon. Member for East Dunbartonshire (Jo Swinson) is right to draw attention to the UK-wide tourist opportunities that the Olympics provide. I echo that.

I am delighted that the Olympics are coming to east London. I repeat my congratulations to all involved in the successful bid, including the ministerial team, who did extremely well. Waltham Forest is one of the four local authorities that are in the Olympic park, and Leyton in my constituency will house the velodrome for the cycling and, I believe, the BMX sports. Waltham Forest contains Chingford. For a long time its MP was Norman—now Lord—Tebbit. He once made a famous statement about getting "on yer bike" to find work. All these years later, I am pleased to say it is a case of getting "on yer bike" for the Olympic cycling in Waltham Forest.

The 2012 Olympics promise to be the greatest event on earth. The world's eyes will be upon us and it is in the national interest that we make a success of it. It brings many opportunities, especially for the regeneration of an environmentally and financially poor part of east London. Lots of jobs will flow from the construction work and services, and we need to ensure that the local population, including local youth, is trained up with the skills necessary to benefit fully from that employment. Extra resources must be put into that skills training.

There are health advantages to be had as the population is inspired to get fitter, taking part in sport using existing facilities and, after 2012, the legacy facilities. It is important that schoolchildren are given the chance and encouraged to get fitter, too. In recent years there have been attempts at free access schemes—for example, to swimming pools. Those schemes must be expanded to offer schoolchildren free access to pools and tracks. Arts for the Olympics should not be neglected, and we should utilise the talents of those who are more artistic than sporty. I echo the remarks made by my hon. Friend the Member for Islington, North (Jeremy Corbyn) about utilising art.

Many Londoners are worried about the cost of the Olympics and especially about a rise in council tax. The Olympic precept on the council tax as an element of the funding package to meet the games' costs is due to commence in 2006–07 and last for 10 years. In a press release in May 2003, the Mayor stated that the maximum addition to council tax to fund the Olympics would be £20 a year on average on a band D property. That strikes me as a reasonable precept. It would raise £625 million. If there were a cost overrun, that would require £650 million from the precept and the council tax charge would be for 12 years rather than 10.

The agreed funding package for specific Olympic capital costs is £2.375 billion, but if the costs go beyond that, although the Government are the ultimate guarantor of Olympic funding, they would expect to agree a sharing arrangement with the Mayor of London. So cost overruns still have the potential to cause damage to council taxpayers and they must be avoided. The costs must be kept under control. It is important to keep construction costs from spiralling, as happened with the dome, the Jubilee line, the Scottish Parliament and several other projects. We do not have a good record of controlling costs, but we must do so for the Olympic facilities. That means letting the tenders and getting the work done early. The later it is, the more the contractors have the taxpayer over a barrel, and that must not happen.

There is a lot to do with the transport improvements and the infrastructure work, but the Government are also committed to many other building projects. Building schools for the future was an election pledge that I strongly supported, so that every school that needs such building work will get it over the next 15 years. There is the work on major new hospitals and the modernisation of older ones, such as Whipps Cross University hospital in my constituency. That will be the second nearest hospital to the main Olympic facilities and the nearest to the velodrome, should there be a cycling accident, which I hope there will not be, so that must be modernised, and I am keeping up the pressure for that.

There is also much building associated with regeneration, including the Thames Gateway and Stratford city, and the Government have also set the decent homes target, which is a strong target to build

and improve many homes. Therefore, we must really get a grip on the construction and get on with it. The Government should relax the requirement that they have had up to now to build primarily via the public finance initiative, and instead use all appropriate means to finance construction, depending on what offers the best value and what gets the job done quickly.

Quality work is also important, a point that I made in an intervention during the Tuesday's debate on the Crossrail Bill. It is important to work in partnership with the trade unions representing construction workers. I admit that I have a vested interest because I am on the parliamentary team for the Union of Construction, Allied Trades and Technicians, but I draw attention to early-day motion 591 in the name of my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham), which points out that safe systems of work and dignified terms and conditions, often with a directly employed labour force, is the route to world-class projects being built safely and delivered on time, and the Heathrow project is given as an example.

I agree with the hon. Member for Beckenham (Mrs. Lait) that there must not be planning hold-ups. We need a proper and fair planning process, but a prompt one. In some cases, the national interest of facilitating the Olympics may need to be invoked, but that should not be left until the last minute.

I have a letter from Carlo Laurenzi, OBE, chief executive of the London Wildlife Trust, who is concerned about the environmental quality of the games as shown in the Bill. He says:

"To ensure the Government's loudly proclaimed aim of delivering the greenest games ever we're seeking your help to strengthen the bill for environmental and social gains. The All Party London Olympics Bill Research Paper [05/55] includes a whole section on regeneration and planning but this is missing from the Olympic Bill".

He concludes:

"The 2012 bid was built upon a foundation of sustainability but the London Olympics Bill fails to uphold this. We appeal to you to raise this as a mater of urgency."

Well, I have done, and I hope that as the Bill goes through Parliament the Minister will take that on board and we will get the greenest games ever.

Jeremy Corbyn: My hon. Friend has obviously studied the Bill in some detail. Could he help the House by saying whether the normal section 106 arrangements apply, or are they suspended because of the special nature of the planning procedure that is being invoked?

Harry Cohen: I have not studied the Bill in sufficient detail to answer my hon. Friend. I understand that the new Olympic delivery authority will have strong powers, but perhaps the Minister will clarify the specific point raised by my hon. Friend when he replies to the debate or in due course.

I come now to a bit of local politics. Newham is understandably thrusting in getting regeneration for its own area and was a powerful advocate for the successful bid, but its record with its neighbouring boroughs is not ideal. We do not want Waltham Forest—in my case Leyton and Leytonstone—

Lyn Brown: Will my hon. Friend give way?

Harry Cohen: Let me finish my point and I certainly will.

We do not want Leyton and Leytonstone to be Newham's car park, or the route used by masses of through traffic to access the facility. Better co-operation between the planners in the boroughs concerned, at an early stage, is essential. Waltham Forest must not be bounced by having some of the disbenefits forced on it.

Lyn Brown: Does my hon. Friend agree that the five boroughs concerned have done remarkably well in pushing together the benefits of the area that they all hold dear? In fact, the London borough of Newham may have been the driving force in creating the cohesion between them, keeping them together and pressing for the agendas that they all hold dear: inward investment, skills and education, health and opportunity, and opportunities for our children.

Harry Cohen: I agree, and I did pay tribute to Newham as a driving force. Now that we are getting down to the nitty-gritty, we must retain that cohesion.

Meg Hillier: Will my hon. Friend acknowledge the role that Hackney has played as a host borough, particularly in leading the cultural and creative industries?

Harry Cohen: That is a good point, well made. But we want Hackney to do even more. We also do not want any more road routes sprung on us at a late stage, for instance over the environmentally important marshes. We do, however, want public transport to be improved as quickly as possible. Reopening of the Hall farm curve in Waltham Forest would provide a north-south rail link through the borough and, crucially, to Stratford, the main station for the Olympics. That project should move to the top of the agenda.

The Royal National Institute for the Blind makes some interesting points. It says that the Olympic delivery authority should be

"subject to the same safeguard in terms of promoting disabled access as local authorities when acting as planning authorities."

Disabled people want to enjoy the spectacle of the Olympics, as well as the Paralympics, and they should be able to do so. The RNIB also says that all buses in London should be subject to a requirement for "visual and audible announcements" for deaf and blind people, including

"the many tourists visiting London for the Olympics".

There is no commitment to that so far, and I think that there should be.

As for the costs, a House of Commons Library paper gives a lot of ballpark figures—estimates—but one of them worried me. I am not convinced that £23,125 million for security will be sufficient, especially in view of the threats that we have faced and the bitter experience that we have had. The Government must think again about that estimate.

As I said, Waltham Forest is one of the four Olympic park boroughs, but it is not in a position to be the active contributor that it could be, because for the past few years it has been at the bottom in terms of the allocation of Government grants to London authorities. It has

[Harry Cohen]

pared down its operation and become more efficient, but it now needs to be able to provide and facilitate more. It needs more resources to do that, and it cannot divert already stretched resources. I urge the Government to take that special factor into account in the next series of local authority funding settlements. Waltham Forest must be given more if it is to be a partner in the Olympic process.

Young people need to enjoy the inspirational and health benefits of high-quality physical activity. A new community sports facility, the SCORE project, is due to open shortly in Leyton. It will prove valuable during the Olympics, but schools have a vital role as well. Children are a captive audience. The Building Schools for the Future project must be brought forward in Leyton and Wanstead. It is currently at the back of the queue, which is not acceptable. In 15 years it will be too late. Waltham Forest is bidding for private finance initiative resources for a new pool and track complex. The borough wants to provide a replacement 25 m pool, track refurbishment and a new sports hall as Olympic training facilities and to reconfigure the surrounding area, including parts of the town hall complex and of Waltham Forest college. I hope that the Minister and his team will consider that bid favourably.

For a long time, the Tory-controlled London borough of Redbridge has failed to get its act together on the development of a swimming pool in the Wanstead area. That situation has existed for many years, and the Olympics provides an opportunity to rectify it. Wanstead is near enough to the Olympic action for a swimming pool to be valuable, if it is built. The London borough of Redbridge should revisit those plans and submit them to the ODA and the Government, who should consider them favourably. Finally, Waltham Forest must play a significant role in developing the local legacy benefits, which will also require resources and expertise.

The Olympics will cost, but it in my opinion they should be well worth it. This is a once-in-a-lifetime event for not only east London, but the whole of the UK, and it is in the national interest that it is nothing other than a success.

4.56 pm

Mr. Pat McFadden (Wolverhampton, South-East) (Lab): None of us will forget where we were when we heard that London had won the contest to host the 2012 Olympic games. The whole country is conscious that the games can be a tremendous showcase for our capital city and our country. I, too, congratulate the Secretary of State, the Minister for Sport and Tourism, Lord Coe and the team behind the bid. We all remember great Olympic moments of the past such as the titanic struggle between Sebastian Coe, as he was then, and Steve Ovett a couple of decades ago or Kelly Holmes's recent triumph in Athens. I am sure that the 2012 games will bring us more memorable sporting moments, hopefully with British winners.

As has been said, sadly, the moment of celebration when we won the games will for ever be entwined with the terrible events of the next day, when terrorism came to our capital city and an act of hate against the very diversity and plurality that helped us to win the games brought death and grief to London.

We await news of today's events, which show that that moment has not yet passed. We are still hunting those behind the bombings and still engaged in the much longer fight against the ideology that led people to commit terrible crimes against ordinary people who were going about their daily business. Our capital city and our country will not give up in the face of those who have attacked our way of life. We will lift ourselves to reclaim the spirit that won the games and we all hope that we will stage a games that captivates the world and of which our country is proud.

The Bill sets out a structure for managing the planning of the games and the financial arrangements for the huge investment required to make them a success, both of which are vital factors in a successful Olympics. The British people celebrated winning the games and look forward to a wonderful sporting showcase, but they also expect the games to be properly organised and delivered on time, and they expect the costs to be controlled. They are entirely right to take that approach, which is why it is welcome that the Bill sets out proposals for the ODA to manage our approach to the games.

The ODA faces a huge logistical and financial task. It must plan the games in a manner that inspires and maintains enthusiasm while commanding public confidence. It must ensure value for money and that the games result in not only 17 days of fantastic sport, but a legacy of lasting benefit to the whole country.

The ODA has one other essential task, which is to deliver on the Government's intention that the whole country should benefit from hosting the games. Of course the primary benefits will be in London. London is the host city and London will receive the lion's share of the spending involved. We understand that. But the Minister and the Secretary of State will be aware that, to maintain the great spirit of optimism about the games that we witnessed at the announcement, there must be continued efforts to ensure that other parts of Britain benefit.

Hon. Members from many parts of the country have pressed Ministers for their areas to host events or training facilities, each arguing the benefits of their own area. The west midlands, like other regions, will want to host training for competing countries and to play as large a role as possible in the games. There is already a commitment to host football in Birmingham at Villa Park. We have some excellent sporting facilities in the region, and a long tradition of producing wonderful athletes. Any country that comes to the west midlands to prepare for the games will find first-class facilities and a very warm welcome.

There is another dimension to what the west midlands can contribute to the Olympic games. The region is the manufacturing heartland of the UK. It has good access to London. We have world-class companies that excel in their fields and a strong record of innovation in science and technology. In information and communications technology, a recent survey found that more than a third of the sector in the region is growing at more than 20 per cent. per annum. Property and accommodation costs are much lower than in London. The region has led the way in ethnic minority business start-ups and has a highly committed work force that will relish the opportunity to help to deliver the games. Given the enormous amount of construction work that is needed,

along with equipment and supplies, the west midlands is well placed to make a tremendous contribution. Of course, that will require investment to ensure the right mix and level of skills, but what we need most of all from Government is the opportunity to make the kind of contribution of which the region is capable.

Today, I spoke to people at CBI West Midlands and our regional development agency, Advantage West Midlands. I am pleased that clause 34 specifically refers to regional development agencies and their role in preparing for the games. In our region, they are already working together with local authorities, educational institutions and the tourism sector to ensure that the region makes the most of the opportunities offered by London hosting the games. Their plan covers three essential elements—facilities for teams to prepare, business procurement and tourism—to ensure that the region extends the warmest possible welcome to the hundreds of thousands of people who will come to Britain in connection with the games. I assure Ministers that I will send them a copy of the plan, and I hope that they and the organisers of the delivery of the games will give it full and proper consideration.

In thinking about how the country can share fully in the games and go beyond the formal hosting of events and provision of training facilities, important as those are, we must also think about how the investment and job opportunities involved in making the games happen can be shared around the country. Although London will host the games, the west midlands can, in many ways, make the games. If the country pulls together to deliver the games, as I am sure that it will, we can create a truly unforgettable event.

No other sporting event has the global reach of the Olympic games. We will recover from the attack on our way of life that took place two weeks ago and triumph over the ideology that led to it. If we manage this project properly, our Olympics can show Britain at its best—a modern, open country, confident in itself, sure of its place in the world and the showcase for a sporting festival in which the whole world can share.

5.3 pm

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): It gives me great pleasure to add my congratulations to the bid team, particularly the Secretary of State and my hon. Friend the Minister for Sport and Tourism, who was a champion of the Olympics before it was popular to be one. Other Members have mentioned the Mayor of London. This shows what we can achieve when we work together.

We all know where we were on 6 July at 12.46 p.m. As I stood at Stratford station, I rejoiced at the news that the Olympics had come to London. It seems unreal to be debating the games actually being in London instead of the mere prospect.

On 7 July, at about 7.30 a.m., a bus left the Olympic zone at Hackney Wick. That number 30 bus with its indicator board clearly displaying the sign Hackney Wick was blown up on its return journey and 13 people died. As we have listened to this debate, a number 26 bus going along Hackney road in my constituency has suffered from an explosion. I hope and pray—all Members will join me in this—that the reports that there have been no casualties are correct.

That reminds us of the contrast. London was bombed and may have been attacked again today because we are a world city. We won the Olympic bid because we are a city of the world and that world is reflected in London and throughout the UK. Hackney is a diverse borough, with all the countries competing in the Olympics represented in Hackney alone, let alone the rest of London and the UK. Since the bombings of 7 July, Hackney's communities have joined forces to show what they can do when they work together, particularly the Muslim Jewish Forum, which has existed for some years in Hackney and brings together different faith groups to face challenges together. It has demonstrated tolerance, a commitment to London and the fact that what unites us is far greater than what divides us.

I am delighted to follow my hon. Friend the Member for Leyton and Wanstead (Harry Cohen). He was right to remind the House that the Olympics is not simply about Stratford, with respect to my hon. Friend the Member for West Ham (Lyn Brown). Hackney Wick sees the largest amount of sporting activity in London every Sunday. Not many of my colleagues present, but perhaps some of their constituents, will have played Sunday league football on Hackney marshes. The games are often described as the Stratford Olympics, but it is important to remember that four boroughs will host the Olympic park. Hackney is proud to be one of them. Arenas will be built in Hackney, with the basketball centre as a lasting legacy. We will also see redevelopment of its important business centre—plans that local people have been frustrated to see, but have accepted, being put on hold as we bid for the games. We will see important environmental improvements to those football pitches and elsewhere. We will see access to about 5,000 new homes, many of which will be affordable and welcome to my constituents. Critically, for Hackney as a whole, we will see the delivery of the East London line extensions, at last. [HON. MEMBERS: "Hear, hear."] I welcome that support.

Very importantly, the Olympics will be the catalyst for further transport improvements. We will see the North London line become a turn-up and go service, with eight trains an hour. Hackney will effectively get its tube thanks to the Olympics, which will connect Hackney better with London. I welcome the comments of my hon. Friend the Member for Islington, North (Jeremy Corbyn) that we seek a further extension to Highbury and the Victoria line by 2012.

Hon. Members on both sides have mentioned extra council tax. I do not take any council tax increase lightly, but it is a small price to pay for the many benefits that will come to London, particularly to my constituency. We will also see a sporting legacy. Yes, we must see the investment in elite sport that my right hon. Friend the Secretary of State outlined in her opening speech, but we need to see physical activity for all. The health impacts will be enormous for east London and the UK. I look forward to seeing more detail from her and my right hon. Friend the Secretary of State for Education and Skills on how to ensure that sporting opportunity and physical activity penetrate deeper than just to the elite sportsmen and women whom we hope will bring back gold in 2012.

Environmental concerns are at the forefront of many of my constituents' minds, particularly because part of Hackney marshes and Mabley green will become a car

[Meg Hillier]

park for the duration of the games. That is not something that an hon. Member is likely to stand up and welcome, but the pitches, which I have walked around, are in poor condition and need investment, so I welcome the assurances of better facilities and improvement and replacement of metropolitan open land. Although we lose the facilities temporarily, it is a price worth paying if those improvements come. I put down a marker for my right hon. Friends the Secretary of State and the Minister that I shall be watching like a hawk to ensure that that happens.

I also welcome the new linear park that will be created and the fact that the power lines in east London will be buried. A transformation will occur, with bridges over cleaned-up rivers and waterways and, bizarrely, a link with the hon. Member for Broxbourne (Mr. Walker), as he and I will be at either end of the new Lea valley park as it stretches properly into Hackney at last.

The Olympics will also bring important cultural benefits, which my right hon. Friend the Secretary of State outlined. Hackney benefits from being the borough with the highest density of artists and creative businesses in the country. Many hon. Members have mentioned the relocation of businesses in the area. We must preserve diversity in those relocations. Again, I echo the comments of my hon. Friend the Member for Islington, North. Hackney is greater than the sum of its parts and the artists and creative businesses contribute enormously to that. It is important to work out a formula that ensures that they can remain and contribute on a continuing basis to the diversity and creative talent of Hackney, and that they are not squeezed out by yuppie or any other sort of development.

I visited the Travellers on Waterden road, who are concerned because they still do not know where they will be relocated. They and I and others locally recognise that they have to move from their site in the Olympic park. I was reassured by a meeting with the London Development Agency yesterday, when it assured me that it is still working with Hackney council to work out a relocation package that will allow the Travellers to continue their lifestyle, as has been guaranteed.

Hackney is fully signed up to the Olympics and it is important to highlight to hon. Members who perhaps do not know it—I want especially to reassure the right hon. Member for Maidenhead (Mrs. May)—that the Olympic boroughs propose to establish a co-ordination unit to work with the Olympic delivery authority and act as a key link with the Olympics organising committee. That is a sensible step, which builds on the collaborative work that has already gone on between the five boroughs.

The co-ordination unit will focus on communications, the essential legacy issues, business support—to ensure that local businesses gain benefits—sorting out the regulatory functions and creating and helping to deliver the vision for culture and creativity that is part of the Olympics. I hope that my right hon. Friend the Minister will support that rational and co-ordinated approach and, in doing so, help to reassure hon. Members who have raised anxieties about the matter.

Legacy is the main reason for my support and that of the people in Hackney for the Olympics. We welcome the physical sporting legacy. The basketball zone is certainly a better legacy than a car park. We look forward to international basketball champions training in Hackney for many years to come. I have mentioned the environmental legacy but we need to highlight it more, especially given that the Government, the Mayor and the Olympic delivery authority will naturally and rightly focus on delivering an Olympic park on time and on budget. We need to ensure that the environmental benefits are connected not only to the development of the Olympic park but to the future of the Lea valley and the Lea valley park.

I am especially concerned about jobs, skills and business opportunities for local businesses and local people. Other hon. Members pointed out that, too often, they can go elsewhere, not to local businesses and people. When I spoke to the LDA's chief executive yesterday, I was reassured that he and his team are recruiting a special business unit to provide support for business skills. That is imperative to ensure that London benefits and is not leapfrogged as other businesses throughout Europe compete for the important work around the Olympic zone.

Justine Greening: The hon. Lady makes an excellent point that is linked to debates that we have held about vocational education. Does she agree that, if ever there were a trigger for focusing the House's attention on expanding our vocational education so that children in our schools today can benefit from the opportunities, it is the Olympics?

Meg Hillier: I am delighted that the hon. Lady is so supportive of the Government's 14-to-19 education agenda, which is being pursued along precisely the lines that she has described. I agree that we need to ensure that children across the UK, but particularly local London children in Putney, Hackney, Islington, Leyton, Wanstead and Newham benefit from the games. We need to ensure that young people in our schools today are in a position not only to be trained for the jobs that will be available during the development of the Olympic park, but to develop skills that will provide them with an opportunity to get good, long-term jobs thereafter.

It is worth highlighting for the benefit of hon. Members who are not connected with east London that the London Development Agency is setting up a business intelligence unit and an Olympic business club, as well as providing business support for businesses in the area and a job brokerage scheme. Hackney council and the other borough councils are anxious to work on that scheme to ensure that local people really benefit.

The packed lunches of 1948 have been mentioned. Perhaps we have moved on from that now. Hackney has been in the lead in setting up a catering and hospitality centre and we are hoping that one of the legacies of the Olympics will be a centre of excellence for food and hospitality. No borough could be more appropriate than Hackney to host such a centre, as it already has restaurants of every nationality and some of the best food in London. We hope that the centre will become a training venue in which people can skill up so as to get the benefit of the jobs available in the food and hospitality industries in this city and internationally.

I want briefly to turn to matters outside Hackney's boundaries. Other hon. Members have come up with suggestions for how we can embrace the popular interest in the 2012 Olympics in the UK. For the special Olympics, which were held in Ireland a little while ago, each town and city adopted a country. Perhaps we could consider such a scheme here. Similar approaches have also been suggested. Each national group that comes to the Olympics is represented in Hackney and, I am sure, in the other four Olympic boroughs. I am sure that the national groups in my borough will be keen to welcome and link up with the national teams from their home countries. London is multinational—that was one of the strengths of our bid—so let us celebrate that and make it a central part of the work that we do between now and 2012.

The games have strong backing. We have heard about the number of people who have registered on the website to volunteer and to support the bid. It is important that communication and the involvement of citizens are continuing themes of the activities of the Olympic organising committee.

Will my right hon. Friend the Secretary of State consider a proposal supported by my hon. Friend the Member for Edmonton (Mr. Love) and me: the people's games? This is a proposal to develop a mutual organisation in which every citizen is entitled to own a share and thereby become part of a sounding board for the Olympic organising committee. In that way, every citizen in this country could have a real stake in the games. Whether they are from Northern Ireland, east Dunbartonshire or east London, they could become closely involved.

I finish by saying that Hackney is four-square behind the Olympics, but we know that the hard work to ensure that local people and local businesses benefit from them starts here. We are up to that challenge and we look forward to the Olympic games coming to London in 2012.

5.18 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I apologise for not being here at the start of the debate. As I mentioned in an earlier intervention, I was chairing a meeting of the National Strategic Partnership for Volunteering in Sport, which was being held in the House. I just wish we could find a shorter title for the organisation; we are working on it.

A massive contribution will be made to the games by volunteering. Today's debate has quite rightly been dominated by London Members; London will benefit to a great extent from the games. However, the way to engage the entire population across the country is through the distribution of training camps—I shall come back to that later when I talk about Loughborough's contribution—and through volunteering. At least 70,000 volunteers will be required. It is interesting that, of the five candidate cities, only London submitted a volunteer file with its original application.

We have made an enormous contribution in the past through our history of volunteering in sport, but I do not think that has been recognised by some of the other cities. There are stories that there were more British volunteers than Greek ones at the athletics in Athens. People feel that they want to contribute to sport and many do so through volunteering.

I am sure hon. Members know that this is the year of the volunteer, and August is the month of sports volunteering. This morning, we launched the campaign to raise its profile with Tanni Grey-Thompson, a great Paralympian—the Paralympics must be integral to our purpose—who is known not just as a gold medallist across a wide range of sports but as a coach and volunteer. She wants to put back into her sport what she has managed to get out of it over the last few years. That is a demonstration of the commitment from many people across the country.

It is estimated that this country has about 6 million unpaid sports volunteers, which is equivalent to 720,000 full-time jobs. Volunteers are paid nothing not because they are worthless but because they are priceless. Their contribution to sport, both at grassroots and elite levels, has made an enormous difference in this country. I hope that Members can squeeze into their diaries for August, which are probably full already, something related to promoting sport in their constituencies and making sure that people register themselves on the website to volunteer in 2012.

Jeremy Corbyn: Does my hon. Friend accept that one of the big problems has been the sale of playing fields—particularly in urban areas where schools have in the past, though not recently, been encouraged to sell them—and the propensity of local authorities to charge far too much for sports facilities, thereby pricing many people out of sporting activity so that they end up back in front of the television?

Mr. Reed: I thank my hon. Friend for that intervention. As he knows, I have a great passion for grassroots sport in particular. I still play rugby every Saturday afternoon during the winter, at the playing field of the school that I attended until I was 18. I must admit that on Saturday afternoon we are the only team that uses the pitches, tennis courts, basketball courts and indoor facilities of that school. The costs have increased dramatically over the past few years. In terms of the legacy of the Olympics, we should make it successful across the country. Unless there is a legacy not only at the elite level, about which I want to speak specifically, but at the grassroots level, nobody will feel that there has been enormous benefit.

Great expectations have rightly been raised since the announcement. Everyone wants a training camp in their constituency, and everyone thinks that every 14-year-old they know who is quite good at sport will be in the Olympics. The reality, however, is that we will have a team of only about 200 or 300 athletes. I wish people well, but most of those who will be competing in the Olympics in seven years' time are probably already in development squads. Many people who are very excited about the Olympics will still, like me, be playing on muddy pitches around their constituencies in 20 years' time, and not competing at elite level. It is therefore important that we get the right combination of funding for elite athletes who will go on to win gold medals, to which having the Olympics in London will make an enormous difference, and ensuring that the real legacy is not just 50 m swimming pools but swimming pools across the patch, decent playing fields and decent changing rooms across the country. So my hon. Friend the Member for Islington, North (Jeremy Corbyn) makes an important point.

[Mr. Reed]

In relation to the sale of playing fields, there has been a step change, and while we have not reached the point at which we are not selling any off, at least there has been a massive reduction in sales of playing fields. In many cases, where a playing field has been sold, it has been replaced by a better facility, as is the case in my constituency.

In terms of regional development, places such as Loughborough, Sheffield and Bath—I see that the hon. Member for Bath (Mr. Foster) is back in his place; we follow each other around all the time—have, as part of the English Institute of Sport, some of the best facilities in the world for athletes. The Chinese team has already been to look around facilities such as ours, and will probably locate themselves at one of our three bases. As other Members have said, however, I am keen on not just Loughborough benefiting, but the whole of Leicestershire and possibly the whole east midlands. We cannot provide all the facilities for the Chinese team, but we could do athletics, netball, basketball and a wide range of other events, and we have a 50 m pool and cricket academy. Others events would have to be farmed out within the region, so a great partnership would be required. Every Member rightly wants something to come to their constituency, and every area with a 25 m pool wants to match itself with a country somewhere in the world, but we should create a clearing house so that the competition is proactive rather than destructive.

Finally, the success of the games will be measured by the number of gold medals that our athletes win. Every nation has always done much better in the medal tables when it has hosted the games than when it has not. The target for what our athletes achieve in Beijing in 2008 is already pretty ambitious, and we hope that they do even better in 2012. As I said, though, the people who will succeed in 2012 might already be in the development programme. I agree with UK Sport and the British Olympic Association that we need stability in the funding that is made available. We want the four-year programme to 2008 to be extended to 2012, and funding to be increased to ensure that our children and youngsters are able to win gold.

By making our young people winners, we will make sure that all of us are winners in 2012.

Harry Cohen: Will my hon. Friend give way?

Mr. Reed: No, as I want to allow time for the hon. Member for Putney (Justine Greening) to speak.

The Olympic games represent a golden opportunity for us. Fantastic contributions have been made in the debate, and all hon. Members know what the games will mean to their patch. My final thought is this: we won the 2012 games because the Government, sport and the media were united. I hope that we can keep that united front over the next seven years. If we do, London will be a great host city, and the 2012 games will be the best ever.

5.25 pm

Justine Greening (Putney) (Con): I shall begin by thanking the hon. Member for Loughborough (Mr. Reed) for allowing me time to make a brief contribution at the end of the debate. I apologise for not being present for the start, but I want to add my congratulations to the bid team, who did a superb job in winning the games for our capital city and our country.

The Paralympics will be coming to this country as well as the Olympics. Hon. Members have said that sport must be made accessible to all, and that is true of both the Olympics and the Paralympics. We must never forget that there will be a second event when the main event is over, and the organising committees that the Bill establishes must kept that clearly in mind.

Moreover, we must ensure that our public transport enables everyone to reach the Olympics. The key tube stations that people will use must be adapted so that disabled people can get to all the Olympic and Paralympic events.

People in Putney are delighted that London will be holding the Olympic games—especially if the finances are carefully controlled. Many Putney MPs in the past have had an interest in sport. I want to follow in that tradition, although my predecessors have tended to go for football rather than Olympic sports.

The Lawn Tennis Association in Putney is building its national headquarters in Roehampton, and Southfields station will be the main tube stop that people will use as they head for the Wimbledon tennis events. I therefore make a plea that that station should be rendered accessible for disabled people, and for all those using it in both the Olympic and Paralympic fortnights. I lodge a request with the Minister that he seriously consider having a lift put into Southfields station, so that it will be accessible for everyone who wants to use it when the games are on.

Finally, I repeat my congratulations to the bid team on their success in securing the games for London.

5.28 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): The IOC's decision in Singapore to award the 2012 Olympics to London, and today's Second Reading of the Bill, mark the start of a period of remarkable opportunity for this country.

There is the prospect that the games will give our economy a considerable boost. The boost delivered as a result of the Barcelona games was estimated at £11 billion, and the amount is surely likely to be much higher now. For the environment, there is the prospect that we will have the largest new urban park in Europe. For Londoners, there is the prospect of regeneration of the lower Lea valley.

For those still at school—such as Amber and the 30 children from the east end who represented us all so effectively in Singapore—there is the prospect of achieving Olympic success in their own capital city, or of becoming an Olympic volunteer. Most importantly of all for all of us who care about sport, there is the prospect of a sea change in the relationship between sport and Government. In the fortnight since Singapore, I have been struck by just how much this opportunity means to so many different people, but also by how expectations have now been raised in so many different areas, as the hon. Member for Loughborough (Mr. Reed) said only a moment ago.

This is a once-in-a-lifetime opportunity and delivering on it will not be easy. However, before I turn to that issue I should like to put on the record—as my

right hon. Friend the Member for Maidenhead (Mrs. May) did before me—my and my party's appreciation for all the work done by those who brought the games to London. I pay tribute to Lord Coe, Keith Mills and everybody who worked at London 2012 during the bid process. At the celebratory party in Singapore after the vote, I was struck by the many personal and professional sacrifices that so many of their team made to work on the bid. We are all very much in their debt.

I also want to pay tribute to the three main stakeholders. First, I pay tribute to the Government, and particularly to the work done by the Minister for Sport and Tourism and, of course, in her absence, by the Secretary of State, in bringing the games to London. Secondly, I pay tribute to the Mayor—I never thought I would say that at the Dispatch Box—and thirdly to the British Olympic Association, and to the Princess Royal in particular, who has been somewhat left out. I saw her lobbying and working on the country's behalf day in, day out in Singapore, but she has received very little praise for it. To all of them and to the many others who have worked on the bid, we in this House and all those whom we represent owe a considerable vote of thanks.

The Conservative party has always supported the London 2012 bid. As will be signified at Second Reading tonight and, hopefully, as the Bill continues its passage through the House, that support will continue. It will most certainly continue so long as the cross-party consensus that we have established continues to be a genuine two-way—perhaps I should say three-way—process.

Mr. Don Foster: Yes, you should.

Hugh Robertson: I—

Mr. McFadden: The Scottish Nationalists?

Hugh Robertson: That is today's great improvement.

I was enormously grateful for the briefing session provided by the Secretary of State's civil servants before this debate. I hope that that process will continue through a regular series of briefings and consultations, particularly on issues such as the Olympic delivery authority board members nominated by the Secretary of State. Perhaps the Minister can confirm that during his winding-up speech.

We also want to ensure that the spirit of the London bid is upheld in two particular ways. First, London 2012 should be a games for athletes and it should empower the youth of this country through sport. Secondly and most importantly, and as I have already mentioned, the Government must deliver on the wider sports agenda. London 2012 provides a once-in-a-generation opportunity to reform the structure and funding of sport in this country, and it must not be missed.

As so often with debates on sport, today's has been excellent—remarkably so, given the short time between today and publication of the Bill late last Thursday. I congratulate the hon. Member for Cheadle (Mark Hunter) on his maiden speech. It was an extremely confident opening, if I may say so, and his experience of the Manchester games made it very relevant. It was an excellent debut and I welcome him to the House on everyone's behalf. He was joined by his colleague the hon. Member for East Dunbartonshire (Jo Swinson), who gave us the Scottish angle. Her points on tourism and training camps were particularly well made.

On the Government side, we heard from the hon. Member for West Ham (Lyn Brown), who spoke up in support of her borough, and from the hon. Member for Islington, North (Jeremy Corbyn), who talked about legacy issues and—rightly—an ethically responsible games. The hon. Member for Sittingbourne and Sheppey (Derek Wyatt), who is always a thought-provoking contributor—sadly, he is not in the Chamber at the moment—made a typical contribution. The hon. Member for Hendon (Mr. Dismore)—he, too, seems to have slipped away—talked about terrorism and construction. It was good to see him having an outing outside of a Friday.

The hon. Member for Stoke-on-Trent, South (Mr. Flello) talked about volunteering, a concept which we will all support. The hon. Member for Crawley (Laura Moffatt) discussed the benefits to her constituents, and very well, too. The hon. Member for Stourbridge (Lynda Waltho)—sadly, I have lost her, too—spoke about swimming baths. It is difficult to comment on her contribution without knowing the facts of the case; I was going to say that if she wanted to explain them to me, I would see what I could do.

As an east-end MP, the hon. Member for Leyton and Wanstead (Harry Cohen) made some extremely sensible points about cost overrun—a point to which we will return. The hon. Member for Wolverhampton, South-East (Mr. McFadden) talked about the regional aspects of the bid. I wish him well in attracting the benefits to his region. The hon. Member for Hackney, South and Shoreditch (Meg Hillier) is another who spoke up well in support of her constituency, and she reminded us of some timely security concerns. My friend the hon. Member for Loughborough (Mr. Reed), who is something of a House expert on sport, made some excellent points about the levels of expectation, volunteering and elite sports. I can only say that I entirely agree.

On my own side, we heard excellent contributions from my hon. Friend the Member for Beckenham (Mrs. Lait), who spoke of the financial and planning aspects of the bid. Her warnings were well made and relevant. My hon. Friend the Member for Croydon, South (Richard Ottaway) spoke about the businesses in the lower Lea valley, and I hope that the Government will take note of the issues that he raised, to which we shall return later. My hon. Friend the Member for Basingstoke (Mrs. Miller) voiced well-expressed concerns about ambush marketing, and with her commercial experience she made an informed and valuable contribution. My hon. Friend the Member for Croydon, Central (Mr. Pelling) spoke of the role of the London Assembly, and he, too, was quite right. Finally, it was nice to hear my hon. Friend the Member for Putney (Justine Greening) talk about the Paralympics, highlighting that area.

Let me turn to my party's position. The detailed provisions of the Bill can be worked on in Committee, but seven key principles govern our approach. The first is accountability to Parliament. The London 2012 Olympic games is a national event, and we want to ensure that the ODA and other Olympic bodies are

[Hugh Robertson]

accountable, through the Secretary of State, to Parliament. The Select Committee on Culture, Media and Sport will clearly have a role, but I hope that the Government will agree to two more things, in particular. First, there should be an annual debate in Government time, ideally at this time of year, once the accounts have been published. Secondly, the ODA should be subject to scrutiny by the National Audit Office and thus, should it wish to, by the Public Accounts Committee. I hope that the Minister will confirm that those ideas are acceptable.

The second principle is partnership working. The powers available to the Mayor of London in this legislation are extensive and therefore, in some ways, controversial. However, if London is to deliver the games on time and to budget, it is vital that the ODA and the Mayor work in partnership with the boroughs and use their reserve powers only as a last resort, and preferably only with the agreement of the Secretary of State. One way to reassure the London boroughs, which have concerns about that, would be to ensure that they were represented on the ODA board. Furthermore, I hope that as the games draw closer they will be encouraged to second staff to the ODA for a reasonable period before, during and after the games. Perhaps the Minister will also address that point when he winds up.

Thirdly, there is concern about cost overruns, a subject raised by several Members on both sides of the House. The memorandum of understanding signed by the Government in 2003 puts the burden of any overspend firmly on the lottery and on Londoners, but previous games have considerably overrun their budget. It will almost certainly not be the fault of Londoners if the cost of the games overruns. One of the key marketing messages throughout the bid process has been that these games are for the whole United Kingdom. I very much hope that the Government will re-examine the 2003 memorandum now that the games have been secured.

Fourthly, there is the issue of businesses in the lower Lea valley. The Minister is aware of our concerns, and I am grateful for his intervention following the Westminster Hall debate a couple of weeks ago. However, it is clearly wrong if existing businesses end up paying for the privilege of hosting the games, and I hope that effort will be put into resolving that issue over the summer so that the Minister can report in Committee that progress has been made.

Fifthly, there is security, which is, sadly, again much on our minds today. Clearly, it will be a key concern as we count down to 2012, and security issues must be incorporated at every stage in the delivery process. Despite the fact that the London 2012 website details the formation of a new Cabinet-level Olympic security committee, there is no direct mention of security issues in the Bill. Perhaps the Minister would confirm the Government's position.

Sixthly, there is the question of the tax take on the Olympic lottery game, and it will not surprise the Minister at all to hear me raise that once again. It is, in my view, simply indefensible for the Government to profit to the tune of an estimated £320 million from a game designed to finance the London 2012 Olympics, particularly when they were so keen to exempt the Live 8 concerts. Given the Minister's constant assurances that the games will not run over budget, that money ought to be used to create a lasting legacy from the 2012 games. Personally—a purely personal view—I favour giving the money to the British Olympic Association to establish scholarship funds at arm's length from Government to help aspiring young Olympians in future. That is the sort of eye-catching initiative that would give the games a worthwhile legacy. I know that the Minister cannot give me any further assurances on the matter tonight, but he ought to be aware that it is a subject that we intend to pursue. I suspect that that will not surprise him.

On the wider sports agenda there is the issue of the reform of the structure and financing of British sport. There is now wide agreement that there should be one clear funding stream for sport. The performance director of UK Sport said only last week following the meeting of the British Olympic Association:

"The management of the investment in sport should be through one body."

I could not agree more.

On the financial side, delivering the Olympics will by any reckoning place the national lottery sports principal funding stream under extreme pressure. I cannot see that there is any chance of delivering the many promises made to sport during the bid process without a step change in Government—let us be honest, by that I mean Exchequer—funding. The Government must take action now to cut some of the unnecessary and overlapping bureaucracy and radically to reform the structure of the financing of sport in this country.

I should like to finish where I started. The London 2012 Olympic games are a unique and remarkable opportunity for this country. We should all record our thanks to everyone who has brought them to us, notably tonight the Secretary of State and the Minister. As Conservatives, we will continue to offer the Government our wholehearted support for this fabulous opportunity as long as the process is accountable to Parliament, as long as partnership not compulsion is the key principle of delivery and as long as there is genuine progress on the wider sport agenda.

Delivering the 2012 Olympics on time and to budget will be a hugely testing undertaking. Seven years is not in all honesty a great deal of time. However, I firmly believe that, if we all remain true to the principles that have guided the bid thus far, Britain can stage a great and remarkable Olympic celebration in 2012.

5.42 pm

The Minister for Sport and Tourism (Mr. Richard Caborn): I start by saying thank you to all hon. Members this afternoon. It has been a successful debate and, to a large extent, it has mirrored the way in which we have taken the nation forward. The nation has been united behind the project of winning the 2012 games. I, my right hon. Friend the Secretary of State, Seb and all his team have felt proud to lead a nation that was united with a tremendous amount of pride.

Like the hon. Member for Faversham and Mid-Kent (Hugh Robertson), I did not think that I would be standing here congratulating the Mayor, but I should like to congratulate some others, including the press. Broadly speaking, the press were behind the bid, and that was helpful.

The unity of purpose behind the bid was epitomised when the evaluation team was here. We were all at No. 10 sitting around the Cabinet table just a few weeks before the general election. The leaders of the various political parties were all there with the Prime Minister and they sang off the same song sheet with a unity that even shook the evaluation team of the IOC. It showed clearly how we were all behind the bid. Hostilities broke out five minutes later of course, but for that period we were united. There is only one thing that can do that; it was sport itself that brought the nation together.

I congratulate the hon. Member for Cheadle (Mark Hunter) on his maiden speech. It was a thoughtful speech. He gave us a vivid tour of his constituency. Unfortunately, or fortunately perhaps, I was not involved in the by-election; we were out gathering votes in other areas of the world. The hon. Gentleman said that the north-west, through Manchester's Commonwealth games, had played a significant part in getting the Olympics for us. It was a multi-sport event, and he described the fantastic role played by some of his constituents who were volunteers for those games. That showed the pride of the north-west and it helped us significantly to convince people in the IOC that we can and will continue to stage major sporting events.

The challenge now is to deliver the games with a legacy for London and the whole of the UK, as well as for the Olympic movement. We have made some clear commitments to bring young people back into sport through the Olympic movement. We made those commitments genuinely in relation to this nation and internationally, and we will live up to them.

The right hon. Member for Maidenhead (Mrs. May) said that we had spent a lot of time travelling the world and learning from cities that have staged the Olympics. We did, and I hope that we will learn from any mistakes they may have made. It became clear to us that the process has three stages. The first is winning, and there is no doubt that Barbara Cassani, who set up the company, and Seb Coe, who later led it to victory, brought together the skills that we needed in a partnership to win the games. We now need to deliver one of the biggest construction programmes that this country has seen for many years. The third stage will be the delivery of the games themselves. Each stage requires particular skills, and the two companies have been designed with that in mind. The first is the London organising committee for the Olympic Games and the other is the Olympic delivery authority, which the Bill will set up.

The ODA will be responsible for delivering the construction projects, and people can be confident that no favours will be done when the chairman, chief executive and board are appointed. We are looking for the best in the world and if we have to go internationally to get people to go on that board or join the staff, we will do just that. Seb and Keith Mills will be the chair and deputy chair of LOCOG, and they will seek a chief executive in the near future. They will be looking for the very best.

I assure the House that we are approaching the setting up of those two companies very professionally. We have learned the many lessons from Picketts Lock, the dome and Wembley, so the companies will be set up to deliver those two main functions. The Office of Government Commerce has "destruction tested" the structures we propose, and we will set up a programme management committee to oversee the process and provide an early-warning system. We have spent a lot of time on the structures and on the budgets and financial structures. We were commended by the IOC on that chapter of the bid document, and it said that our structures were robust. It drilled down deeply into that chapter, and that is why we are confident that the structure will hold up.

We took the view that an overview was necessary as an early-warning system. If things start to go wrong, the programme management committee can inform the steering group and the board, which consists of the three stakeholders—the Mayor's office, the British Olympic Association and the Government. It would also inform the two major companies that will manage the project.

On the wider issues of the nation and regions, the committee that has already been set up and functions well under the able chairmanship of Charles Allen will continue its work. I met the committee last week and I was pleased to see the depth of representation, at a senior level, of the regional development agencies, the regional sports board and many others.

I shall not go into detail on all the questions that have been posed in the debate, because I am sure that in Committee and through the many contacts that we will have over the months and years ahead we will be able to explain the process and ensure that we get it right. It is in the interests of the nation to get it right, because it will provide many opportunities way beyond sport. Sport is the vehicle for many other opportunities, including regeneration and tourism. The committee will continue to function and I hope that many Members will be involved as the weeks and months unfold.

There is no doubt that there will be competition for the training camps. In my region of Yorkshire, the regional development agency and the sports boards have already carried out an audit, through the universities, and I should not be surprised if they had not already contacted people in various countries to encourage them to come to the county well before 2012.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): As my right hon. Friend knows, the world-renowned Gateshead international stadium is in my constituency. The Secretary of State explained in her speech that the Bill will include guidelines for the role of RDAs in attracting training camps and, in turn, regeneration. My hon. Friends the Member for Tyne Bridge (Mr. Clelland) and for Blaydon (Mr. Anderson) and I will be meeting our RDA, One North East, during the recess to get the process under way, but does my right hon. Friend the Minister agree that a fundamental element in the success of training camp bids—especially ours in Gateshead—is the complete and unified support of local communities, as was the case in London, from whose success we all hope to benefit?

Mr. Caborn: Yes. I am sure that all the RDAs will work together and we shall give them every encouragement and assistance, wherever we can do so. The opportunities are there.

We cannot go into the wider issues in this debate, but the talented athlete scholarship schemes, talent identification and the world class performance plan will develop the sustainable structure for sport that many people want.

[Mr. Caborn]

We shall deal with the Mayor's powers in more detail in Committee, but we shall be working with the Mayor and the London Assembly to ensure reasonableness in the operation of those powers. I think that the provisions of the Bill will ensure that the powers are used properly for the purposes for which they were designed. They were necessary to deliver our obligations to the IOC, as was right, but there are enough checks and balance to ensure that they are used reasonably.

Mrs. May: Earlier, I asked about the relationship of the London boroughs and the London Government Association in respect of powers that relate to the rest of the country. Are the Government willing to include those bodies to ensure that the reasonableness is tested by them, too?

Mr. Caborn: Absolutely. We should expect that, even though it is not stated in the Bill. There will be consultation and we believe that it should include all major partners, such as the local authorities and the LGA. As the project has developed, we have seen those partners come together on issues such as planning, and I would never have believed that we could have achieved so much even before we started talking about primary legislation. There has been a fantastic demonstration of support and partnership across local authorities and political parties on planning issues.

Members asked about funding. The figures have already been set out, but there were questions about overrun, which will be dealt with through a memorandum of understanding. Our work on the funding mechanism was helped by our experience of talking to people in other Olympic cities, especially Sydney. I shall never forget the person who said, "Do not underestimate the budget. If you have to go higher, it will be seen as a failure so make sure your calculations are realistic."

Mr. Love: Will my right hon. Friend give way?

Mr. Caborn: Will my hon. Friend bear with me? There are only a few minutes left for the debate and there are a number of things I want to cover.

There will be a £17 billion investment in transport, which will include the East London line extension and the docklands light railway upgrade. Members will be able to discuss the details in Committee. That played a major part in winning our bid because, as Members know, we did not get the best grades for our answers to the 25 questions a year ago last January.

Security formed part of our submission; it was part of our candidate file. I believe that the IOC was satisfied with what we were saying about home security and I have no doubt that that matter will be further explored in Committee. I can assure hon. Members that we will not leave it untouched. There is no doubting that we have a first-class security and intelligence service in this country. We were there in Sydney and very much so in Athens; our people were leading the security committees there. Security will be one of the major considerations.

On the Olympic delivery authority, I emphasise that it is very important to bring in not just the skilled but the best in the world, and we will search the world to contract those people. We think that they will be attracted because, as has already been said, the national stadium will be more than an Olympic stadium; its design will revolutionise the way that sports facilities are used around the world in years to come. If we can build an 80,000-seater stadium, reduce it to a 20,000 capacity and build it back to a 40,000-seater capacity using designs that we believe are now attainable with existing materials and engineering skills, it will bring a whole new dimension to stadium design. If one looks at the legacy of Sydney, one sees that real difficulties were encountered with its national stadium. We saw what happened in Athens and in Barcelona. We believe that we can introduce a whole new dimension to stadium design. Our proposal to use facilities on a temporary basis and then to move them around the world is an important development, so the challenge to develop such stadiums and associated further facilities, and the opportunity that that presents, is immense.

Many initiatives have already been taken to ensure that the skills base and the opportunity for regeneration do not pass the east end by. More need to be taken and a major responsibility of the ODA company will be to ensure that we can drive that quality regeneration in the most effective way. It will also—it is embedded in the Bill—be one of the greenest Olympic games ever and it will be commended by the IOC.

We believe that all those elements are now in the Bill. We believe that we have got the structure right. We believe that we have put the right checks and balances in place and taken the correct approach to the budget; that will be very significant.

Richard Ottaway: Will the Minister give way?

Mr. Caborn: No, but on the question that I am sure the hon. Gentleman wants to raise, I think there has been an incorrect interpretation of the compulsory purchase orders. We want to ensure that there is a fair settlement for all those who will be displaced. I will ensure that the ODA understands that. We want to achieve that settlement. We do not want traders to be put out of business. I have taken a personal interest in this; I will continue to do so, and I hope that all parties will come to the negotiating table to get to get a reasonable and fair settlement. Yes, the balance of powers has now gone to the LDA; I acknowledge that. The LDA has now won that bid, but I hope that we can still have an air of co-operation and transparency, which will bring a fair settlement to all those who will be displaced. I will watch that very carefully and if the hon. Gentleman wants to meet me to discuss it, I will be more than pleased to see him.

I thank all those who were involved in the bid. All of us, from the bidding team right through to those of us who have been involved in this in the Government, have been given a fantastic opportunity to present this nation in the best light. Many thought we could not do it. But the Secretary of State and I never doubted it, even though one or two of our colleagues in the Cabinet did from time to time. [HON. MEMBERS: "Name them."] I will not name them. Could I? Yes, but I will not.

It was great to be out there in Singapore. The only thing I do say is that Jacques Rogge is now going to get a letter from me, from Sheffield, and Seb Coe and I will

have to present it to him because I hope he will never leave anybody in suspense again when opening an envelope.

Question put and agreed to.

Bill accordingly read a Second time.

LONDON OLYMPICS BILL *(PROGRAMME)*

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the London Olympics Bill:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 20th October 2005.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*[Tony Cunningham.]*

Question agreed to.

LONDON OLYMPICS BILL *[MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52 (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the London Olympics Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) expenditure of a Minister of the Crown in connection with the Act, and

(2) any increase attributable to the Act in sums payable out of money provided by Parliament under another enactment.—*[Tony Cunningham.]*

Question agreed to.

DELEGATED LEGISLATION

Ordered,

That the Education (School Organisation Proposals) (England) (Amendment) Regulations 2005, (S.I., 2005, No. 1801), dated 2nd July 2005, be referred to a Standing Committee on Delegated Legislation.—*[Tony Cunningham.]*

PETITIONS

Policing

6 pm

Mr. Mark Francois (Rayleigh) (Con): I wish to present a petition of some 1,300 residents of Hullbridge in my constituency which calls for a more regular policing presence to combat antisocial behaviour in their area. I record my particular thanks to Mr. Yogesh Patel, the proprietor who runs the Ferry pharmacy in Hullbridge and who kindly hosted the petition to make it easier for residents to sign.

The petition reads:

To the House of Commons.

The Petition of residents of Hullbridge in the County of Essex and others,

Declares their concern at the lack of regular policing and problems of anti-social behaviour in their area.

The Petitioners therefore request that the House of Commons urge the Home Secretary to provide for more frequent police patrols in Hullbridge and for a team of officers to be regularly assigned to protecting the area.

And the Petitioners remain, etc.

To lie upon the Table.

Speed Limits

6.1 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): The petition of readers of the *Faversham Times*

Declares that current speed limits on the A251 Ashford Road are too high and pose a substantial risk to the health of road users and those living in close proximity to the road. The Petitioners further declare that the present limits of 50 and 60 miles per hour create a situation where villagers, and those involved with Sheldwich Primary School, feel unable to use the road safely.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Transport to take steps to ensure that the speed limits on roads through the villages of North Street, Sheldwich and Badlesmere are reduced to 30 miles per hour and that limits on roads outside these areas are reduced to 40 miles per hour.

And the Petitioners remain, etc.

To lie upon the Table.

Derwent Valley (Open Cast Mining)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Coaker.]*

6.2 pm

Mr. David Anderson (Blaydon) (Lab): This debate will focus on what I believe to be one of the greatest places on earth, but it would be ill-advised of me not to say a few words about what has happened in London today. The thoughts of the House are with the people and the emergency workers who do such a magnificent job in the city.

I have spent most of my adult life campaigning on behalf of the coal industry and for full employment. I speak today in the very strange circumstance where I will be arguing, to some extent, against both those causes. I do so not because I am not still convinced of the need for this island of ours to stop turning its back on one of it greatest national assets. Neither have I given up, and I never will, on the demand for full employment.

I am the product of a long line of people who dug coal up and down this country and beyond, and I still remember the hard days when my father was out of work. I have no romantic notions of the life of miners. Indeed, one of my lasting memories is of my father telling me that, in the hungry 1930s, he and his fellow miners were "treated like slaves." They were treated that way because the alternative was a life on the dole.

Against that background I shall speak against the proposal to rip open the beautiful Derwent valley in my constituency, Blaydon, and take out a paltry half a million tonnes of coal. The proposal would give us much needed home-produced energy and provide a number of jobs in an area where we are still, sadly, below the average employment rate. But we are not in the hungry 1930s any more. We have moved on—many of us against our will. We have turned a corner in the north-east of England, we look to new opportunities and developments to embrace a new millennium, and we have more respect for our environment than we were ever allowed in the past.

The proposed development will mean three years of inconvenience, traffic chaos, noise and air pollution, visual pollution and serious disruption to the ecology of the area. It will affect our efforts to attract tourism to the north, but particularly to the nearby National Trust property at Gibside, an absolute gem of a place. Gibside is 500 acres of beautiful countryside owned and managed by the National Trust in the shadow of the proposed site. Its grounds include scheduled ancient monuments and listed buildings.

Restoration in recent years has seen the park brought back to a standard laid down over 200 years ago, with the recent restoration of the orangery and the stables to their original state in 1857. For the 100,000 visitors a year who come to Gibside this will mean a chance to see again the splendour of the Palladian chapel, Gothic banqueting house and landmark column celebrating liberty.

In the last seven years visitor numbers at Gibside have risen fourfold, and at the same time permanent staff numbers have risen from three to 15, with 12 seasonal employees and over 50 volunteers. That is the new face of the Derwent valley. Gone are the collieries and the coke works. The restoration of Gibside however is not just about buildings; it is a living thing. A cursory glance through the programme of activity for this year reveals events ranging from brass band concerts to a Georgian Christmas dinner via a bat watch and a performance of Shakespeare's "A Comedy of Errors"—how very fitting.

This superb venue that so many people have worked hard to retain and restore will be overshadowed by activity on the open-cast site, and if, as we suspect, the developers seek an extension of their permits, it could be a shadow that is cast for many many years to come. Gibside combines history, religion, culture, a respect for nature and just pure natural beauty, and it will all be at risk if these plans are not halted.

Gibside is so much more. It is proposed to develop the stable block as a short-term residential facility for young people's projects, for school parties and for further and higher education use. It is a venue for a community project for people coming from the inner cities of Newcastle and Gateshead to engage in the countryside with the National Trust. It is an opportunity to help people into work in areas that they would never have thought about before. Finally, it is used as an orienteering project by over 40 groups from the same inner-city schools and youth clubs.

It is not just the impact on Gibside that worries us in the north; it is also the impact on wildlife. Only two weeks ago we released a second batch of red kites into the wild after they were driven out from the north over 150 years ago. What have we released them to face? Blasts from explosives, dust from excavation and noise from the heavy duty machinery, which typifies open-cast sites. Forty-one of those beautiful birds will be released this year into the valley, and it is not being done here by accident. It is happening here because of the high quality of the landscape, which provides a real mosaic of different but complementary habitats.

It is not just the fate of those beautiful birds that concerns us. In recent years otters have returned to our rivers, which is unheard of. Kingfishers and heron compete side by side in the becks, burns and rivers of our countryside. Tawny owls swoop silently through the night air. Red and fallow deer criss-cross the land, watched furtively by badgers and foxes. Grass snakes, adders and slow worms all form part of the natural habitat alongside great crested newts, which we believe have already suffered from the nearby working at a proposed landfill site.

Those are the main reasons why we are so strongly against these plans. In our part of the world we have seen too much of this activity. As I speak, residents in my community are still challenging the right of multinational companies to dump waste in a landfill site to the north of these proposed workings. Gravel pits, sand quarries, coal mines, coke works—you name it, we have had it. We want to move on. We want to use the fact that we are a site of special scientific interest to attract people to our valley and the surrounding towns and villages. We want a renaissance in the north. It is our time for a moment in the sun. We know that wildlife can exist in the harshest of conditions, but why impose problems when the rewards are so small? In the classic words of soulless economists, we have done the cost-benefit analysis and it simply ain't worth it.

There are concerns also about the impact on the area's water systems. This area, as I will explain later, is honeycombed with old mineworkings, most of which are prone to serious flooding. Excavation on this scale could well disturb the balance of the water table, something about which we are very concerned about in our area. There will be different impacts in different parts of my constituency and those nearby. Some 96 lorry movements per 12-hour day are predicted—one every 7.5 minutes. Those lorries will drive through villages that already struggle to cope with the overspill of traffic from the massively blocked A1, which peaks during the morning and evening rush hours. The response from drivers will be to use rat runs around the local villages to avoid the A692. Unfortunately, those roads will lead cars into more congestion as they work their way through busy villages and past a large comprehensive school. *[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. There is a disturbance beyond the Bar, which is disrupting the debate.

Mr. Anderson: Thank you, Mr. Deputy Speaker.

There is another consideration. Earlier I spoke of the long history of coal mining in our area. In the view of some historians, coal mining on an industrial scale started on the fells in our area before it started anywhere else in the world. Seams of coal near the river Tyne had been exhausted, and others could not be exploited owing to water problems. The coal on the fellside around Whickham was the nearest workable seam that could be readily drained. The market to London was crucial, and the liberalisation of the rules on mining introduced by Elizabeth I paved the way for the development of coal in the area on a scale never before envisaged. Drainage outlets were driven into the fell, from which water still runs. Dams, aqueducts and water wheels were built, which led to the world's first large-scale coalfield development.

Given the importance of coal to the history of our region, not to mention the rest of the country and the world, it could be argued that instead of ripping the area up we should—as we are trying to do—conserve it, develop it and use it to educate future generations. It is part of our history and heritage and should be seen as such, and as a stepping stone to a new future.

There will be claims that my call for rejection of the proposal is rooted in nimbyism. I hold both hands up to that, and I do not apologise for it. Our back yard has been used and abused for centuries; it is full to overflowing. We have had enough. We still suffer from the economic and social impact of that, and we refuse to allow it to go on any longer. Our area has been poisoned, polluted and exploited for far too long. If the country needs coal so badly, let us really go for it: let us redevelop the vast reserves that are left under the North sea, in Yorkshire, in the midlands, in south-west Scotland and in Wales. Let us use our expertise in deep mines, and reclaim our place as a world leader in clean coal technology. We must not let contractors who do not even live in our part of the world come and spoil our area for years to come, just to produce enough coal to burn in three days. We are talking about three years of disruption for three days' worth of coal burn. We do not want it, we do not need it and we are not having it.

The people of the area, which covers a number of constituencies—some of my hon. Friends who are present will be affected—are united in their opposition to the plans. Different communities will be affected in different ways. The one thing that unites the people is their clear view that we have had more than our fair share of hassle and inconvenience from the exploitation of our area, and we want to move on. The people have consistently, and so far successfully, fought open-cast mining in our area. They have fought nine separate applications since 1971, and each time they had to fight all the way to appeal to the Government of the day.

Thankfully, Secretaries of State as diverse as Tony Benn and Nicholas Ridley had the good sense to support the case put by people from across our constituencies. Just in case the fight is not won at the planning stage, the Minister now knows whom he follows.

Let me refer the Minister to comments made in inspectors' reports over the years. A 1976 report said:

"The cumulative effect would result in a bland and featureless landscape".

A 1983 report said:

"The Derwent Valley should be regarded as a NO-GO area for opencasting".

A 1994 report said:

"The visual impact on the landscape is unacceptable".

Perhaps most worrying was the 1995 comment that

"The possibility of further opencasting would be difficult to resist if this proposal goes ahead".

That is the real worry for the people in the Derwent valley. I realise that there is little that the Minister can do at this moment to address our concerns and understand that the process must take place fully and fairly. I have no hesitation in raising the matter today at the end of my first parliamentary term in this place. If those who have the power to stop open-cast mining do not listen to the voice of the people, it may be too late when we return for the next term.

We deserve no less than relief from centuries of abuse. We have played our part in the industrial, social and political development of this nation, and now we want to play our part in the environmental regeneration of one of the most beautiful corners of this country.

I appeal to the Minister not to let us down. If the people who are pursuing this abhorrent case come to his door, I hope that he remembers this debate. The Minister should come and see the changes that we are striving to make and should not consign us to a role as the dustbin of this nation. We have paid our dues over and over again, and we deserve the chance to advance in a new direction. In the north, we know about paying our dues, and whether it involves our unions, our political parties, our faith groups or society as a whole, and people in my part of the world have never been found wanting. We have never been afraid to make our voice heard, and our voice must be heard in challenging these proposals. We want to see a change for the better and our children to grow up in a better world, which we do not want to be spoiled by get-rich-quick asset strippers.

When I left school in 1969 to start on what I believed to be a lifetime as a coal miner, I was lured by advertisements encouraging me to become "one of the men in mining" and to learn how to use the deep-down

[Mr. Anderson]

machine-age shovel. Sadly, the men in mining have almost gone, and the deep-down machine-age shovel has been replaced by a monster 10 times its size, which does not work half a mile underground—it works on top of our hills. It rips apart our land and despoils our country and our environment.

There is nothing positive or necessary about these proposals, which fade into insignificance when they are weighed against the impact on the lives on this generation and future generations in and around the Derwent valley. I urge the Minister not to let us down, to support our desire to build a new way of life in our valley and to give us, our kids and our environment a chance to move on. We deserve no less.

6.17 pm

Mr. Kevan Jones (North Durham) (Lab): I congratulate my hon. Friend the Member for Blaydon (Mr. Anderson) on securing today's debate. My constituency would be affected by that development, and I have received many representations from local people who are opposed to it. I know that the Secretary to the Treasury, my right hon. Friend the Member for North-West Durham (Hilary Armstrong), has received many representations and has met community groups and others in Burnopfield in her constituency, which would be directly affected. I know that she shares the concerns that have been expressed to her.

Durham is rightly proud of its mining past, and the Durham Miners gala, which took place a few weeks ago, shows our rich history. However, as my hon. Friend the Member for Blaydon has said, we have moved on through developments such as the turning the tide project on the north-east coast, which has been cleaned up and is now an attractive tourist destination, and the reclamation of former colliery sites across Durham in my constituency and that of the Secretary to the Treasury.

Two weeks ago, I visited the site with my hon. Friend the Member for Blaydon and Stephen Hughes, the local MEP. The view across the Derwent valley is breathtaking. It was a clear day, and we could see across the valley, through Newcastle and up to the Cheviots. It is a peaceful and tranquil spot, and it would be a tragedy if it were ripped up and scarred.

My hon. Friend has already mentioned the work of Gateshead council, to which I pay tribute, on making sure that that area of outstanding natural beauty is a tourist attraction. I also pay tribute to Durham county council for promoting tourism within Durham. I sit on the north-east tourism advisory board, and the last thing that County Durham needs is a succession of large holes across the county, which is something that we must consign to the past. The knock-on effects on constituencies such as mine are not only the visible impact, nor the fact that it may give developers opportunities elsewhere across County Durham, but the increased traffic flow from the site that will no doubt find its way through the small communities of North Durham.

The Derwent valley is a peaceful and beautiful part of this country. I fear that if this development goes forward—my hon. Friend has already said that only a small amount of coal would be extracted—it will be a precedent to developing other sites up the Derwent valley. That would be an absolute tragedy. We are a region and a county looking forward, and this development would certainly turn the clock back many years. Communities that have struggled hard over the past 20 years to regenerate themselves do not want that.

6.20 pm

The Minister for Energy (Malcolm Wicks): I congratulate my hon. Friend the Member for Blaydon (Mr. Anderson) on securing this important debate, not least because it is a high note for him to go out on at the end of his first parliamentary term. He eloquently—indeed, passionately—expressed the concerns of several of his constituents about the potential impact of surface mining in the Derwent valley. Indeed, he described the valley and the area so well and graphically that I am tempted to change my holiday plans, but I will certainly put it in my diary for a visit.

I also listened carefully to my hon. Friend the Member for North Durham (Mr. Jones). North Durham and the county of Durham generally are well represented in the Chamber at the moment, and I am heedful of that.

Let me make it clear that I cannot comment on this particular planning application. I should also emphasise that I am not a planning Minister—at this point, I am rather pleased that I am not—and it would be inappropriate for such a Minister to be here. I am merely the Energy Minister, and my remarks—not about this application, I emphasise again—are intended partly to provide some energy context.

I should like to table a few facts about surface mining in the United Kingdom. In 2000, total UK coal production stood at 30.6 million tonnes. Of that, 17.2 million tonnes was produced by deep mines and 13.4 million tonnes by surface mines; the latter is not an insignificant figure. Annual coal use in electricity generation, which absorbs around 85 per cent. of UK coal production, stood at 46.9 million tonnes. In 2000, UK-produced coal supplied around 55 per cent. of coal-fired electricity feedstock, and more than 40 per cent. of it came from surface mines.

Four years on, in 2004, total UK coal production stood at 24.5 million tonnes—a fall of 20 per cent.—of which 12.5 million tonnes was deep mined and 12 million tonnes was from surface mines. In the same year, coal use in electricity generation reached 50 million tonnes. In 2004, UK-produced coal provided around 45 per cent. of coal-fired electricity feedstock, half of which had been surface mined.

Those figures clearly illustrate the important contribution that surface-mined coal makes to coal-fired electricity generation and hence to total UK energy needs. Energy supply is crucial to our economies, our culture and our local communities. That contribution is under threat. In recent years, surface mine output in Scotland, which has no deep mines, has remained steady at around 7 million tonnes per year. Output in Wales has also remained steady, at around 1.2 million tonnes per year—roughly double its deep-mined output. But output in England has declined sharply from 5 million tonnes in 2000 to 3 million tonnes in 2004. In 2005, it is expected to halve again to around 1.5 million tonnes. In

2006, on the basis of current planning permissions—let me stress that phrase—it is forecast to reach barely 600,000 tonnes. If that proves to be the case, total UK surface mine production in 2006 could be no higher than 9 million tonnes and that at a time when, despite receiving some £170 million of state aid since 2000, deep mine output is also under serious pressure.

Already this year Ellington colliery was closed by catastrophic flooding. It now appears likely that, despite the best efforts of all concerned, Harworth colliery is to be mothballed. Those and previous closures could bring annual UK deep-mined output to less than 11 million tonnes and total UK coal production, which was 24.5 million tonnes last year, to barely 20 million tonnes in 2006.

The Government firmly believe that there is a future role for coal as part of a balanced energy policy, providing that its potential environmental impacts can be managed, and that there can be a continuing role for UK-produced coal in meeting our total coal requirements. The coal-fired generating sector has demonstrated its confidence in that vision by committing to install flue gas desulphurisation equipment at a number of power stations. However, the vision depends on sufficient supply of UK produced coal, which means coal from both deep and surface mines.

The decline in English output is not due to a shortage of workable reserves. The key planning document for English operators is minerals planning guidance 3, generally referred to as MPG3. It permits a presumption against coal extraction, whether open-cast or deep mine, and against colliery spoil disposal, but only if the proposal is not environmentally acceptable or cannot be made so by planning conditions or obligations. If it cannot be made so, it must provide local or community benefits which clearly outweigh the likely impacts to justify the grant of planning permission. My officials continue to work with colleagues in the Office of the Deputy Prime Minister to ensure that MPG3 is properly applied by planning authorities.

The industry has come a long way in recent years. It is subject to stringent controls, especially with regard to site operations, such as hours of work, noise and dust levels, provision of screening mounds and so on. Site restoration requirements may include the recreation of water courses and the replanting of hedgerows and mature trees as well as the careful reinstatement of agriculture land, where appropriate. Where a site has been degraded by previous industrial activity, it may include, for example, untreated waste, abandoned shafts or areas where old underground workings may collapse, causing subsidence or dangerous gas releases. Surface mining will normally remove those hazards and restoration will leave the site in a significantly improved condition. Many developments not only include reinstatement to a previous condition, but also new woodland planting, for example, habitat creation and improved public access. As required under MPG3, such enhancements will normally be taken into account by the planning authority when assessing whether a planning application offers long-term local and community benefits which offset temporary adverse impacts while the site is producing coal.

I repeat that I am not talking about this particular planning application; as Energy Minister, I am trying to create the energy context for these general issues. I hope that with that we can end the debate by once again thanking my hon. Friend for securing this debate and congratulating him on being the penultimate Back-Bench speaker before the recess. I wish you, Mr. Deputy Speaker, and all colleagues a creative and fulfilling recess.

Question put and agreed to.

Adjourned accordingly at twenty eight minutes past Six o'clock.

Westminster Hall

Tuesday 5 July 2005

[MR. BILL OLNER *in the Chair*]

NHS Logistics

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Coaker.]*

9.30 am

Judy Mallaber (Amber Valley) (Lab): I apologise for my nearly late arrival, Mr. Olner, but I have rarely seen such appalling traffic as I encountered on my way here.

I am pleased to have secured this debate about the future of NHS Logistics and the market testing process being carried out as part of the review of NHS arm's length bodies following the Gershon report. I have a constituency interest in that one of the six distribution centres that services the NHS supply chain is based at Somercotes Alfreton in my constituency. The centre, which employs about 400 staff, also serves as the headquarters of NHS Logistics. Labour Members who have NHS Logistics sites in their constituencies or whose constituents work at sites in neighbouring constituencies have been visiting the sites over the past year and more, we have held meetings and written to Ministers and recently tabled a number of parliamentary questions. Not all those Members who have a constituency interest are able to be here today—two are Ministers, so they are barred from participating in the debate, and a couple of others have inescapable commitments—but all are concerned about NHS Logistics.

I start with a quote:

"The NHS Logistics Authority has proved itself to be right at the forefront of the transformation taking place in the health service and it fully deserves this award."

That was the former Health Secretary, my right hon. Friend the Member for Airdrie and Shotts (John Reid), talking about NHS Logistics when it scooped a top award at the *Health Service Journal* awards. The award was for improving care through its work on developing an e-technology system and a good computer system. NHS Logistics received a large number of compliments for that work and for saving large sums of money through its systems.

Jonathan Shaw (Chatham and Aylesford) (Lab): I congratulate my hon. Friend on securing this debate. Is she aware that last year NHS Logistics beat all comers, including private sector organisations, to win the coveted supply chain of the year award, which is organised by *Motor Transport* magazine?

Judy Mallaber: Yes, I am. NHS Logistics has won a string of awards. For example, last year it won an IT technology award for which it was praised by Sir Nigel Crisp. I am particularly interested in the IT awards, because we are told that the need for investment in a new computer system is a major reason for bringing the private sector into the NHS supply chain—in the role that is currently fulfilled by NHS Logistics. We hear that such investment can be funded only by the private sector, yet NHS Logistics has won many IT awards as well as awards for its other functions. That is just one of the things that puzzle those of us who have NHS Logistics sites in our constituencies.

We are also puzzled by some of the arguments that have been made for moving the service into the private sector. There is much on which I agree with my right hon. Friend the Minister. It is sensible to review the plethora of arm's length bodies to ensure that they provide value and effective services and work as efficiently as possible. It is also reasonable to keep the NHS supply chain under continuous review to ensure that it runs efficiently and to seek improvements. The evidence from our visits suggests that the supply chain is run efficiently. While safeguarding the security of the supply chain, we should also ensure that maximum resources are available for front-line patient care.

While we would not dispute that we have some common ground with the Minister, I and other hon. Members have sought this debate because there is under way a process of market testing to decide whether the private sector should become involved or whether NHS Logistics should stay as it is, perhaps with adaptations. We want to ensure that that process is carried out properly. We are concerned that it is not taking into account all the necessary factors, and I would like assurances from my right hon. Friend the Minister that nobody involved in the process—whether a civil servant, a member of the Department of Health commercial directorate or a Minister—starts by automatically assuming that the private sector is the best or the only option. I should also like to be told clearly the aim of the process. In what direction are we going? Because I am accountable to my constituents, I need access to full information about how any decision is taken. I want to make sure that the process is transparent, and I seek ministerial assurances on all the issues. That is why my colleagues and I have sought this debate and tabled a number of parliamentary questions.

We started off thinking that the issue was NHS Logistics' efficiency, but when we visited its sites, we were impressed by its efficiency. As has been mentioned, it has won a number of awards and it clearly is efficient in a number of ways. Following a number of efficiency exercises, many jobs were lost at the Alfreton site last year—I know that because one of my good friends lost her job in that review. One of the six NHS Logistics sites—the one in Bridgwater—is already privately run, and that is the site with the lowest satisfaction rate among customers. In addition, the organisation already works with private sector partners—the transport that I saw was provided by TNT. I note that NHS Logistics' on-time delivery performance is running at about 99 per cent. It runs a benchmarking system to test its performance against that of the private sector through Logmark, the UK logistics benchmarking club, and utilises a number of other means. There is not necessarily any doubt about the organisation's efficiency. I think that it is generally accepted that it is efficient, and I ask the Minister to confirm that.

We were then told that the argument had moved on and the question now was whether the organisation could be more effective if a greater proportion of the market were provided for centrally, thus achieving economies of scale and enabling more money to be put

[Judy Mallaber]

into patient care. I am rather dubious about some of the arguments that have been put in that respect and I should like the Minister to ensure that all the arguments are taken into account. When colleagues and I met the Health Minister Lord Warner before the election, he stated that NHS Logistics formed only a small proportion of the supply chain. However, although it has only 20 per cent. of market share by value, it provides 70 per cent. of the market by volume.

It is important not to disrupt the supply chain to health providers. I am told that there are 9,000 suppliers in the sector, of which NHS Logistics is by far the largest. I have also seen the current business plan, which I believe the commercial directorate has approved. NHS Logistics is already expanding into some of the more specialist areas with which it has not previously dealt. It has plans for a 41 per cent. growth target over the next four years, taking it to a market share of 30 per cent. by value, following growth of 35 per cent. in the past four years. Although there may have been a rocky start after the Cabinet Office report, NHS Logistics has gone zooming ahead over the past few years.

Mr. Mike Hall (Weaver Vale) (Lab): Some queries have been raised about the validity of the Cabinet Office study to which my hon. Friend referred. Would she like to comment on that?

Judy Mallaber: The review was conducted some time ago and it makes interesting reading on the potential for market expansion. The report recognises that we should not expect all NHS supplies to be provided centrally. Sometimes, therefore, it is not necessarily sensible to say that a certain proportion should be provided by NHS Logistics.

In response to some of the questions that I have raised, I would like a clear analysis of the types of item that NHS Logistics does not provide. They are clearly high-value items, because otherwise there would not be such a disparity between value and volume market share. If so, it would probably be difficult to achieve common ground across the health service such that sufficient supplies could be ordered to secure economies of scale. It is easy to consider the gap in the figures and assume that the private sector will have a magic way of securing agreement among those being supplied to ensure that those economies of scale can be gained.

Jonathan Shaw: Further to the question that my hon. Friend the Member for Weaver Vale (Mr. Hall) asked about the 1998 Cabinet Office report, does my hon. Friend recognise that parts of it are not really relevant now, given the expansion of NHS resources since 2001? The authors of the report could not have known of the record investment that we were about to make, so their projections are not relevant to today's operations.

Judy Mallaber: I agree, but it is important to have information about those items that are not provided, so that we can consider sensibly whether an assumption that the private sector can come and sweep up the market is dogmatic or realistic. I hope that the Minister will insist on having that detailed information when she considers the matter. I shall be interested to see whether it will be possible to provide me with that information in answer to questions that I have raised.

As I said, NHS Logistics operates effectively and has done a number of benchmarking exercises, using Confederation of British Industry benchmarking, Score Research, which is part of Manchester business school, and Logmark for its operational activities. NHS Logistics has come out well in all those exercises. Have those in the commercial directorate who are considering the issue and who are advising Ministers taken those results seriously or have they assumed that the private sector is bound to be able to operate more efficiently?

One of the reasons why I am particularly concerned to ensure that all the issues are considered seriously is that the dangers of not doing so and of getting things wrong are very great. We must ensure that the supply service is risk free and that it can provide what is needed to all those who are so dependent on it. There is no point in giving the task to an organisation that will not carry it out effectively. We must be absolutely confident that any change in the supply system will not lead to any disruption of supply.

Some of the examples that have been drawn to my attention are particularly worrying. One involves the supply of cleaning equipment. I understand that the Health Protection Agency tells NHS hospitals that they should get supplies from NHS Logistics to ensure proper materials to deal with the MRSA problem. In that context, I would like to knock on the head the *News of the World* article that was picked up from the website and included in the Library briefing for this debate. No other paper ran the story, in which it was said that there was MRSA at the Normanton site, as confirmed by Chemsol Consultancy. The Health Protection Agency went in and found no evidence to support the story and we are told that Chemsol Consultancy has not been prepared to provide the Department of Health with its samples in other instances so that it can be determined whether it is identifying MRSA or some other, non-problematic, bacteria. The Health Protection Agency found nothing wrong at all.

It is important that cleaning equipment is provided safely and properly. I will just plug a company in my constituency, JohnsonDiversey, which has produced the wonderful Jonmaster system and which won a manufacturing excellence award last week.

Steve Webb (Northavon) (LD): The hon. Lady is speaking up powerfully for her constituents. Does she think that anything of an inherent public service ethos is to be found in this process? After all, Tesco has to have extraordinarily reliable, up-to-the-minute delivery systems and so on as well. Could the hon. Lady clarify why she feels that NHS supply is intrinsically a public sector activity?

Judy Mallaber: I would argue that, as the NHS Logistics Authority is running efficiently—when I first started investigating, I was prepared to be told that it was not efficient, but everything that we have seen makes us think that it is—I would want clear reasons for making a change spelled out so that I could explain it to the people who work there. Often, we turn things upside down for no good reason. If the authority is working

efficiently, I, as the MP who represents one of its sites, want to be given the full information that justifies any change. That is particularly important because the authority is managing the vaccination programme and the cleaning supplies and is part of the anti-terrorist contingency plans. It would be worrying if that went wrong.

One of my main concerns is that the debate and process should be transparent. At the moment, it can be difficult to get information because we are told that it is all commercial and has to be kept secret. If I make inquiries, I am told that that is not something that I should know about. To me, as a local representative, that is not acceptable. I want a totally transparent process. We have asked parliamentary questions about issues such as identifying the gap between what is provided by NHS Logistics and what could be provided, and about its growth levels. I also want to know whether NHS Logistics can submit a bid, which I understand it has not been allowed to do. If it gets to the next stage—we are now down to three bidders, each of which has an IT component—the question has been raised whether it will need a new IT system. I also want to know and be able to see the commercial case, if it is decided to go on to the invitation-to-negotiate stage.

Jonathan Shaw: Before my hon. Friend concludes, would she comment on the ability of NHS Logistics to expand its capacity? We have been led to believe that the commercial directorate is considering that as an option for future operations. To meet the demands of the NHS, capacity will need to be expanded. The question is whether NHS Logistics can expand its capacity without further recourse to the public purse.

Judy Mallaber: As I understand it, NHS Logistics has dealt with that in its plans. It would be able to expand and it has built into its plans the need for additional warehousing. The original report suggested that it should reduce the number of its distribution centres to six or seven, one of which should be tested privately, which is how the Bridgwater site came into being. However, it has been pointed out to me that these days supply chains tend not to buy warehousing but to lease it. That has been built into NHS Logistics' plan, so it should not be a problem.

I ask my right hon. Friend the Minister to ensure that all the issues are taken into account and that we, as Members, have full information on why any change is taking place. I have yet to be convinced that change is necessary. If there is a good argument, I will not stand in the way of ensuring that NHS supply is done efficiently and well. There may be alternative ways to improve the authority besides straightforwardly handing it over to one private sector consortium. From the evidence that I have, it seems to operate efficiently.

I also want to see the commercial case so that if it is decided to extend invitations to negotiate, we can see the advantages of any firm being involved. I have an example from the same area, in Alfreton, near the NHS Logistics site. When it was decided to transfer some Benefits Agency services to the ONE service, we had a private sector pilot in my area. The company chosen was Reed, but I was not allowed to have any information on why the service was put out to the private sector. Subsequently, it came back in house and into the public sector again. I do not know why.

The review of NHS Logistics affects hundreds of my constituents and I would like an assurance that the process will be transparent, that all the factors will be taken into account, that our questions will be fully answered and that I will be given a clear, compelling and detailed argument about why any change should take place. I am the one who will have to go back and explain things to my constituents, and my hon. Friends will have to explain to theirs. Will my right hon. Friend the Minister ensure that we have full information throughout the process?

9.51 am

Mr. Mike Hall (Weaver Vale) (Lab): I congratulate my hon. Friend the Member for Amber Valley (Judy Mallaber) on securing—by the skin of her teeth—this important Adjournment debate, which covers a number of constituencies, on arriving right on time and on delivering such an excellent and eloquent dissertation on the reasons why we are here this morning.

NHS Logistics has an operational distribution centre in my constituency, on the Astmoor industrial estate. It employs more than 200 people and is part of an excellent distribution network that serves the NHS well. I understand that my right hon. Friend the Minister will soon be making a visit to NHS Logistics in Runcorn, and I am sure that she will be warmly welcomed whenever that visit may be—her office has not told me yet, but I understand that it will be on Thursday.

NHS Logistics is a very successful business. It is not for profit, it is an NHS operation, it is run by NHS staff, and the interests of NHS staff and patients are at the epicentre of what it does. Figures vary, but I understand that, nationally, NHS Logistics employs more than 1,400 people. It has six distribution centres and 230 vehicles and makes 1,200 deliveries a day to hospitals, clinics and GPs' surgeries. It has a catalogue of 42,000 items, which it delivers to 10,000 points in approximately 600 NHS trusts. As my hon. Friend the Member for Amber Valley said, its efficiency in delivery is superb. Some 98 per cent. of items are always available, 99 per cent. of the items that are important to the NHS are available and 98 per cent. of deliveries are made within 30 minutes of the delivery time specified by the purchasing NHS trust. That is a fantastic record. Achieving that on a day-to-day basis shows us that, as she has said, this is a superb operation.

The non-pay, non-drugs spending of the English NHS is about £12 billion. NHS Logistics operates in a market that has been estimated at about £3.7 billion. The turnover of NHS Logistics is about £700 million per annum. It has an operating cost of about £70 million. Again, we can see that this is an efficient operation that does not cost the NHS any money to run. It provides the NHS with 75 per cent. of the volume of consumable durables involved at factory gate prices. It is important to make the point that any surplus that it makes is given back to the NHS in rebates. Over the past three years, at least £9 million has been returned to the NHS. The business is growing very fast at the moment: we are talking about a 10 per cent. compound interest rate per annum. That is a phenomenal growth in an already excellent business.

At the core of the business is the fact that it involves a paperless ordering system, through its e-commerce computers, which connects every NHS trust—

[Mr. Mike Hall]

everybody in the NHS who buys from NHS Logistics—directly to the operation. Online orders are made and, as I said, 98 per cent. of deliveries are made within 30 minutes of the delivery time specified by the NHS Logistics Authority. It is an extremely efficient operation. There have been at least two efficiency studies. You will not be surprised to hear, Mr. Olner, that both conclude that it is an extremely well run and efficient business that provides the NHS with an excellent service.

Given the facts and figures that are on the record, anyone from outside who observed what was going on this morning would rightly ask why we were considering moving a service that serves the NHS well into the private sector or outsourcing it from the NHS. Clearly, the service does its job.

The audit trail starts with the Gershon review. In his 2004 Budget report, the Chancellor of the Exchequer said:

"the pursuit of efficiency also includes reducing bureaucracy, that both cuts headquarters' administration costs and frees up time of front line professionals to respond better to the needs of their customers".

Anybody who works for the NHS Logistics Authority would have thought, listening to the Chancellor, that there was nothing in the Budget that should cause them to worry about their job security or about the prospects for NHS Logistics. The service allows a huge amount to go to front-line services, it is efficient and it provides a service that the NHS wants. It is a front-line NHS service.

However, on 20 May 2005, the then Secretary of State, my right hon. Friend the Member for Airdrie and Shotts (John Reid), announced in a press release that the number of arm's length bodies in the NHS were to be reduced by 50 per cent., which would save £500 million and reduce the number of posts by 25 per cent. It is not clear why he chose the figure of 50 per cent. I understand where the saving of £500 million comes from and that, when we reduce the number of arm's length bodies, the number of people on the central payroll will reduce. I have no problem with that argument as long as it is done for the right reasons. My right hon. Friend went on to say:

"I want to see more staff and resources at the frontline delivering better patient care across the country. I want to see improved efficiency, reducing bureaucracy and better value for money."

We keep making the point that that is exactly what NHS Logistics does. It is efficient, there is little bureaucracy and it provides excellent value for money.

The next bit of the audit trail is a statement made by a Department of Health spokesperson in the *Derbyshire Times*, which was published on 21 October 2004. The spokesperson said of the Department of Health review of arm's lengths bodies that

"A key objective of the review is to drive efficiency and best value for the NHS, and for the taxpayer.".

We have no problem in pursuing best value and in getting good value for the taxpayer. The question in our minds is whether what the Government propose will achieve that.

The spokesperson went on to confirm that

"The market testing process is looking at the feasibility of contracting out the consumable supplies and activities of NHS Logistics."

That is almost a return to something that we had in local government—compulsory competitive tendering. A service that is delivered publicly by the NHS is being subjected to a market test to determine whether it can be done better; whether efficiency can be improved and costs reduced.

The statement continues:

"The decision about contracting out will be taken in due course and will be subject to careful evaluation of the responses that the private sector will provide to the market testing currently initiated."

What does that mean? How are we going to evaluate whether the market test has produced either a more efficient delivery of consumer durables in the NHS or delivered those durables more cheaply? Is that the test in this case? Is that the acid test that NHS Logistics must be put to? I hope that the Minister will address that when she responds to the debate.

We are getting closer to the real reasons why we face the market test. It is not about delivering efficiency or about value for money. It is about capturing more of the business of the NHS that does not relate to wages or the drugs bill.

Our noble Friend, the then Under-Secretary of State at the Department of Health, Lord Warner, went further on 13 December 2004. He sent us a publication entitled "Developing the supply chain and procurement services for the NHS to achieve better value".

In that document, he explained the reasons for the market test. He said that

"market testing is designed to prove whether or not the most effective supply chain and procurement service for the NHS can be achieved by partnering with the independent sector."

There was no question of contracting out, or of the private sector making comments as to whether the service could be delivered. The question was whether it could be achieved through partnership with the independent sector. The document then states something quite extraordinary:

"In the current environment of diverting all available resources to frontline services, it is not intended that the Department will make any further investment into the NHS Logistics Authority".

That is quite remarkable because the Government do not do that anyway. It is a self-funding business that puts money back into the NHS. Its running costs stand at £70 million, as has already been said, and if it needed to it could clearly expand its operation through its financial ability to draw on funds wherever possible. The Government do not actually fund what goes on within NHS Logistics.

The NHS Logistics Authority could provide the Government with extra money or enable someone in the private sector to deliver this service in one of only two ways: it could reduce staffing costs or increase the cost of the services that it provides. I am not certain that there is much scope left for reducing staffing costs because that exercise has already been carried out. The only way in which anything can be achieved for the private sector is if it takes over the business and increases the cost to the national health service. That would be disastrous for the Department of Health and the NHS because increased

costs for consumer durables would be passed on to NHS trusts. It would be a fruitless, pointless and stupid exercise.

Jonathan Shaw: My hon. Friend talks about increased costs to the NHS, but does he agree that if hospital trusts are not satisfied with the charges that NHS Logistics make to their hospitals they will go elsewhere? They have the ability to do that now, and most of them do not choose to do so. The local hospitals that I have spoken to choose NHS Logistics because of its cost and efficiency.

Mr. Hall: My hon. Friend makes a valid point. The simple fact is that NHS Logistics does not have a monopoly of supply in the NHS. The NHS purchases from NHS Logistics because it is the best supplier. If the NHS was not satisfied with the service from NHS Logistics, it would go elsewhere. However, 75 per cent. of the business in consumer durables in the NHS goes to NHS Logistics because it is price efficient, it can guarantee delivery and it provides security in the contract. The trusts are also linked to NHS Logistics through the e-commerce computer. That system saves the Government £100 million a year, and it is a very good one. That is why NHS Logistics is so successful.

Judy Mallaber: Does my hon. Friend know whether a proper study has been carried out of whether those who will have to deal with this new private sector body—if it is created—to purchase additional goods wish to do so, or whether they wish to continue getting goods through NHS Logistics? Is he aware of any proper surveys of the views of those consumers on whether there is any point in handing over to a private sector operation, and on whether it would be any better at expanding the market?

Mr. Hall: That exercise has not been carried out. Had it been done, the satisfaction ratings of NHS Logistics suggest that the 600 NHS trusts in the UK that use its services would send the message loud and clear that they are very satisfied with the service. I defy anyone to improve on the figure of 98 per cent. of deliveries made within 30 minutes of the promised time of delivery. That is a fantastic service to offer the NHS.

It is important that the NHS has that security of supply. If the private sector takes over that part of the business, will a private sector company be able to guarantee that sort of efficiency? What will a private sector company do in relation to the e-commerce system that is now in place? Will it make further investment in information technology at a huge cost? I do not know the answer to that. Has that question been factored into the market test undertaken by the Government? There is a fundamental point about how the delivery system will work. Will it be an e-commerce system, will it be available to all NHS trusts and will the delivery time be guaranteed?

There is another question. If the Government's purpose is to use the NHS Logistics Authority's £700 million business within the NHS as a platform to secure more of the £12 billion non-drugs and non-wages business, what percentage of that business is available? As my hon. Friend the Member for Amber Valley said, a great deal of that business is capital investment in expensive, high-tech diagnostic machinery, which the manufacturers supply directly to the NHS. I do not think that that aspect of the business would be available to any company in any new set-up.

Jonathan Shaw: Does my hon. Friend agree that it should be possible to open up new markets to the NHS Logistics Authority, not just in the NHS but in the private sector? There are currently constraints on the operation of markets. If we were not to take a dogmatic and ideological view, it would follow that the NHS Logistics Authority should be able to compete along with the private sector. Indeed, we might see the authority expand even more.

Mr. Hall: My hon. Friend makes a valid point. If there were a completely free market, the NHS Logistics Authority might do more business than it does at the moment.

It is important to note that we already have an efficient business that guarantees security of delivery, and that it is not for profit. Any surpluses that it makes are fed back into the national health service, and its e-commerce computer ordering system enables it to save the NHS £100 million a year. If we are to place that business in the private sector, what guarantees are there that the service that it provides to NHS trusts, clinics, doctors and their surgeries will continue, and that there will be no wholesale price rises for consumer durables, 75 per cent. of which the authority provides to the NHS? What security is there?

I shall quote again from the press release issued by my right hon. Friend the former Secretary of State for Health. He said:

> "I want to see more staff and resources at the frontline delivering better patient care across the country. I want to see improved efficiency, reduced bureaucracy and better value for money."

The NHS Logistics Authority does that, and if that is the acid test, we do not have anything to worry about. However, if the Government had a hidden agenda, I should be very concerned, because I should have to return to my constituents on the Astmoor industrial estate to tell them that they have done a fantastic job during the past four years delivering to the national health service the goods that it wants at a price and at a time that it wants, and that they have been absolutely superb, but that the Government have decided, for whatever reason, that the service is to be transferred to the private sector. I should find it difficult to explain that to them, and I want to be sure that any decision-making process leading to that transfer is transparent, that Members of Parliament are consulted about it and that our voices are heard.

10.8 am

Jonathan Shaw (Chatham and Aylesford) (Lab): I echo the words of my hon. Friend the Member for Weaver Vale (Mr. Hall) in congratulating our hon. Friend the Member for Amber Valley (Judy Mallaber) not only on securing this debate, but on all the hard work that she has put into the review of the NHS Logistics operation. The NHS Logistics Authority is a vital part of a successful NHS. Its hard-working staff are the backroom people of the NHS, not seen by the public, but the service that they provide is fundamental to our

[Jonathan Shaw]

hospitals. NHS Logistics supply some 42,000 items, including blankets, bandages, biros, buckets and bedpans and many others. My hon. Friends and I understand that the Government have a responsibility to cut out waste and slash red tape to maximise the amount of resources going to the front line of our public services. It was a manifesto commitment on which we all stood for election. We all support that proposal.

The arm's-length body review was commissioned by NHS Logistics and its sister organisation the NHS Purchasing and Supply Agency, which are two of the 38 agencies whose number is to be reduced to 20. The Chancellor has said that the proposals for the arm's-length bodies will produce savings of £500 million, and my right hon. Friend the Minister will rightly point out that £500 million could be used to build four new hospitals or employ 20,000 more nurses, 6,250 consultants or even 7,500 GPs. I have not attempted to calculate how many bedpans it would purchase, but I am sure that it would be a lot.

We want to understand clearly what the Government hope to achieve by the end of the process. If they want the very best supplies operation for the NHS and a better-managed operation that is more efficient, that can expand its capacity and that can return resources to the NHS, they will have our support, but we need to understand how they will arrive at their decisions. Are they confident that they can, in advance, compare the private sector with the existing operation and its achievements, which my hon. Friends have described in detail?

Judy Mallaber: Is my hon. Friend surprised that, unless we are mistaken, NHS Logistics appears not to have been invited to put in a direct bid or offer, even though it has plans for major growth over the next few years following substantial growth in recent years?

Jonathan Shaw: That is the question that my hon. Friends and I have placed on the Order Paper. We are asking whether NHS Logistics was invited to tender to run the service. Our aim is to help the Government to compare the operation's costs, efficiencies, savings and, importantly, its quality with those of the private sector. Quality is essential. We have record investment in our NHS, and operation waiting times are being driven down—from 18 months when Labour was elected to six months this year. By 2008, we want people not to have to wait more than 18 weeks from seeing their GP to their operation. For that to happen, all staff in NHS hospitals, including doctors and nurses, need an efficient supply system, so that everything is there when they need it. As my hon. Friend the Member for Weaver Vale said, 98 per cent. of products currently arrive in hospitals on time.

People do not complain when things work well. I spoke to the chief executive of the Medway NHS Trust, which runs one of the hospitals that serves my constituency. I asked whether he had ever heard complaints about his suppliers, the logistics operation. He said, "Never, but I'll tell you one thing—I flippin' well would if there was a problem, because it would cause chaos. The operation runs smoothly. It isn't on the radar of things that I'm concerned about, and I never want it to be." That is an important point.

That does not mean to say that we take a dogmatic approach to the issue. We simply want to know what will be tested and how Ministers will arrive at their decision. When my hon. Friends and I look at the comparisons with the private sector, what we see is that NHS Logistics has been the best. In 2004, it beat all comers, including Woolworths, Nestlé UK and John Lewis Partnership—all private sector companies—when it won the coveted supply chain of the year award organised by *Motor Transport* magazine. I have in my hand a picture of Barry Mellor, the chief executive officer, receiving the award from a chap who looks remarkably like a former Conservative London mayoral candidate.

Mr. Mike Hall: Will my hon. Friend confirm that NHS Logistics also beat TNT in that competition?

Jonathan Shaw: TNT was obviously some way down the list, because it is not mentioned on the front page. It is not even on the shortlist. The judges recognised NHS Logistics as

"the team who has created or developed the most outstanding supply chain in the country. It is the 'best of the best' and is the top prize."

That recognition comes from the industry itself. The judges also gave NHS Logistics a technology award, to which my hon. Friend the Member for Amber Valley referred, for its e-supply package, which includes an electronic catalogue, ordering and billing. That part of the operation was, they said,

"an exceptional achievement in terms of strategy, implementation and user education—the best bit is it's my money they're saving".

NHS Logistics is saving taxpayers' money through such investment in its technology.

Staff and organisations receive such awards with great pride, and those awards are not achieved by accident. A point that my hon. Friends have not made is that NHS Logistics has taken off in recent years because of good management and the dedication of staff. With that comes good industrial relations with the main union, Unison. NHS Logistics invests in its staff and has a good training programme. The Maidstone site is next to my constituency and has 300 employees, and when I have visited it I have seen that management and staff work very well together. It is what the Labour Government want—a modern partnership in the workplace that invests in staff and improves productivity through investment in training. Many of the staff who work in the sector benefit from an increase in their basic skills and customer care skills. The results are there for all to see. The 98 per cent. achievement of delivery times is no accident and nor is the acknowledgement of NHS Logistics as the "best of the best", nor the fact that more money is being put back into the NHS.

NHS Logistics talks about paying detailed attention to customer care, and says:

"To be successful the customer must be at the centre of everything that we do".

My hon. Friend the Member for Amber Valley referred to the comparison between the private sector site at Bridgewater and the other four sites elsewhere in the country, including the one at Maidstone. A recent customer survey showed that Bridgewater was the poorest performer. The Cabinet Office report recommended that

the number of sites should be reduced from six to five and that one should be run privately so that comparisons could be made. Everyone should be able to understand the intention and then determine whether the private sector is delivering a better operation.

Judy Mallaber: Is my hon. Friend aware that Exel, which runs the Bridgwater site, and TNT, which he said was beaten by NHS Logistics for an award, are among the last three bidding consortiums? We know about TNT only because—perhaps inadvertently—it told its staff. Does he share my concern that Ministers and those who advise them should not start off with a dogmatic assumption that the private sector can do better, and that they should not fall into the trap that the Conservative party fell into of automatically assuming that NHS Logistics should be privatised? The Conservatives stated that position before the election. We want to avoid dogma, to keep an open mind and to analyse the options correctly.

Jonathan Shaw: My hon. Friend is correct. A worrying feature of the process has been the lack of information about how judgments will be made on whether it is appropriate to privatise NHS Logistics. Leaks are not the way to get information, as they might not be accurate and staff work against a backdrop of concern that undermines confidence.

On comparisons and not being dogmatic, if TNT, Exel or any of the other private sector bidders were the best of the best, the documents that they submit to the Department would refer to such coveted awards. I wonder whether they will mention the fact that they did not even get on the shortlist. I think not.

I conclude my remarks by endorsing those of my hon. Friends. We should not take a dogmatic approach. If we are to be able to speak to constituents who are valued members of the NHS work force—the best of the best across the board—we need to understand how the Government will decide whether it is right to stay with the existing operation, with all its achievements, or to take another route. We look forward to the Minister's response.

10.23 am

Steve Webb (Northavon) (LD): I congratulate the hon. Member for Amber Valley (Judy Mallaber) on securing this debate. She and the hon. Members for Weaver Vale (Mr. Hall) and for Chatham and Aylesford (Jonathan Shaw) spoke convincingly of the work done by their constituents who are employed by NHS Logistics. We heard about their excellent performance and the awards that they have won. I do not believe that anyone who heard those three hon. Members speak need have any doubt that NHS Logistics is a highly effective and, as far as one can tell, highly efficient organisation.

I have a great deal of sympathy with the general thrust of what the hon. Member for Amber Valley said about the need for a proper and transparent market-testing process. No one who has spoken would object to the principle of assessing whether what is done at present by NHS Logistics could be done better another way, although I believe that they are all confident about what the answer would be.

In trying to reassure us that the market-testing exercises are properly, not dogmatically, done, could the Minister give us an example of a market-testing exercise undertaken by her Department that did not find that the private sector would be more efficient than the public sector? If she could demonstrate that sometimes the answer is to keep activities in house, that would reassure us that the process is open, and not one that inevitably leads to a private sector solution.

The starting point for this debate and this process is, as the hon. Member for Weaver Vale said, the Gershon process and a bidding war between the Chancellor and the Tories over who could get rid of the most civil servants. I presume, although I am open to correction, that if NHS Logistics were market-tested and someone else were to carry on, the civil service head count would go down by a few thousand.

Judy Mallaber: They are NHS staff who would be affected.

Steve Webb: My point is that the Chancellor has set a goal to reduce the number of public servants—perhaps civil servants is the wrong description—and replace them with private sector employees to achieve an arbitrary goal of shrinking the public sector. The same amount of money would be paid to get the same job done, but the classification would be different; that is the arbitrariness to which the hon. Member for Weaver Vale referred. He said that the plan was to reduce the number of arm's-length bodies by 50 per cent. Where has that magic number come from? What is so special about 50 per cent.? Surely, the right approach would be to ask what needs to be done in the public sector and whether this is the right structure within which to do it, not to start with the answer and work backwards, but that is what this process seems to be about.

The traditional argument for involving the public sector at all is that there is some market failure—something that the private market cannot provide at all or as well, without which there would be some loss to society. At first glance, it is hard to see what that is. On the NHS Logistics Authority customer bulletin in May there were 15 new products, including Columbian coffee, rich roast Arabica coffee, dried cream and latte cream. There was also something about discounts on stationery.

At first sight, it is hard to see why we need a public sector organisation to sell coffee, paper and headed notepaper. What is the public service ethos there; what is the market failure? I cannot see one, except that there may be an issue about the taxpayer getting better value for money out of bulk purchasing. I understand that the Purchasing and Supply Agency does the contracts, but it might be that we taxpayers get more health care out of our NHS budget if coffee, paper and so on are bought cheaper through the massive bulk-buying power of the NHS, which is a huge organisation—the biggest employer outside the red army, or whatever the figure is.

The market failure could be that if we allow all that to be done privately, we will end up with lots of atomised bits of the NHS buying—this is a slightly facetious example—their individual boxes of coffee or whatever, and a higher total bill, and with the taxpayer getting less value for money. The first question to ask is: would we

[Steve Webb]

lose that bulk buying power if the NHS Logistics Authority were not doing the supply-chain work? In the past, the Government have separated those things, with a purchasing process that gets the bulk economies of scale, and a separate logistics process that gets things to where they should be. Can we still get the economies of scale that we want if we do not have a public sector Logistics Authority delivering the goods?

Jonathan Shaw: Does the hon. Gentleman agree that bulk purchasing in the NHS has served us well? A recent development has been the bulk purchasing of operations in the private sector for NHS patients, which has provided better value for money.

Steve Webb: I could not disagree more with the hon. Gentleman's final comment, but, in the interests of not spreading disharmony on the thing that he does care about, which is his constituents and the logistics agency, I shall stick with that point. Suffice it to say that that money would have been better spent in the NHS with NHS providers, but we will return to that. I appreciate that there is a paradox here, in that I am trying to stand up for his constituents and he is trying to undermine the NHS, but we will come back to NHS Logistics.

There seems to be no dispute about the fact that NHS Logistics provides an excellent service. The hon. Member for Amber Valley asked the pertinent—almost conservative, perhaps Conservative—question, "If it ain't broke, why fix it?" What is the motivation for the change? Government reviews have concluded that there is scope for efficiency savings. It is not clear why they say so; they just seem to assert it. I hope that the Minister will clarify, given what we have heard about the performance of NHS Logistics, why the Government are convinced that there is flab or fat to be got rid of. I see no symptoms of that. In fact, the phrase that the hon. Member for Chatham and Aylesford quoted a chief executive using was quite pertinent; the issue just was not on the radar. The point he was making was "If it's not broke, don't fix it."

It is very interesting that we have, as it were, a mini market test, if one of the sites is run by the private sector and if, as we are told, it gives lower levels of satisfaction. If the Minister can tell us how that evidence will feed into the market-testing process, that will be helpful. I freely admit that the issue has not registered strongly on my radar until today, but I am concerned to hear from the hon. Member for Amber Valley that she has tried to get information about what is happening and that once again the response has been, "Oh—commercial confidentiality. Can't really say."

At what point will Members of the House stand up and revolt, and say "Hang on. We have a job of scrutiny to do here"? In individual constituency cases we get quite cross about such instances, but perhaps collectively we need to get crosser about the scrutiny of public services. All too often, we want to know what is going on, and are told that we cannot be told the details of the contract, because it is commercially sensitive, and we cannot be told operational details, because they are commercially sensitive, too. Our role in scrutinising what Government and public services do is undermined if we do not get answers to such questions, as the hon. Lady says.

Perhaps I may be heretical for a moment. If the principle is bulk purchase and getting good value for the taxpayer, why must the NHS be ring-fenced? My example of coffee and stationery is slightly facetious, but why do not we link together public purchasers across the public sector? If the NHS has buying clout, presumably it and the Department for Education and Skills put together have even more. Could we get even better value for money by using the bulk purchasing power of the wider public sector more effectively, or are we dealing with a case of departmentalitis that prevents one Department from working with another for collective purchasing? I wonder whether the Minister has talked to ministerial colleagues in other Departments about whether the taxpayer, and the NHS purchaser, could get better value for money by working with other Government Departments as a bulk purchaser.

We seem to be dealing with a paradox. The Government and, to an extent, all the political parties want the NHS to be more devolved—more local and more responsive to local needs and demand. Yet there is a danger that if we fragment and atomise the NHS we shall lose economies of scale from bulk purchasing power. Arguably, using bodies such as the NHS Purchasing and Supply Agency and NHS Logistics to deliver services is a way of maintaining those benefits. It does not matter how devolved the primary care trusts and the rest may be; it will still be possible for them to tap into national purchasing and national logistics, and potentially that is good value for money.

Will the Minister clarify the motivation for what is proposed? I get the sense that it was decided on high—arbitrarily, as far as one can see—to reduce the number of arm's-length bodies. It was asserted that there was scope for efficiency gains, in the face of apparent evidence that we have an impressively efficient organisation that works well. I hope that the Minister can assure us about the transparency of the process, and clarify the motivation. We all want more value for money, but it is not clear that the current process is the first place one would look for it.

10.33 am

Mr. John Baron (Billericay) (Con): I add my congratulations to the hon. Member for Amber Valley (Judy Mallaber) on securing the debate and on all the hard work that she has done for her constituents. I share the concerns that have been expressed by all speakers so far about the apparent lack of information on, and transparency in, the process. I hope that the Minister will take the opportunity to clarify the issues and answer questions.

There is no doubt that NHS Logistics has been a success story. We have heard of the various awards that have been granted. As we know, demand for the organisation's services has risen year on year and it now accounts for about £730 million, which is a very good figure. Every day its fleet of about 200 vehicles delivers to wards in NHS trusts items from the 42,000 lines kept at its five distribution centres.

Credit for the authority's success lies directly with its management and staff of almost 1,500, many of whom are based at its headquarters and distribution centre at Alfreton in the constituency of the hon. Member for Amber Valley. I think that most hon. Members would

agree with the Opposition that those staff face great uncertainty. For a number of reasons, either intentionally or inadvertently, that uncertainty has, to a large extent, been created by the Government.

To a certain extent, the Government have played politics with the authority in the timing of announcements—I shall make that clear in a moment—and in the message itself. That has created uncertainties and a certain lack of transparency. I say this with all due respect to the Minister of State, Department of Health, the right hon. Member for Liverpool, Wavertree (Jane Kennedy). As she is newly appointed, I know that she would not have been party to the problem, which goes back a few years.

The Department of Health review of arm's-length bodies, which was completed in July 2004, recommended that the authority's functions be outsourced and that the authority should be abolished by 1 April next year. In truth, however, the authority's fate was already under discussion before the review started. In the autumn of 2003, the recommendation of the Department of Health's commercial directorate was that the authority's procurement and supply chain activity would be best developed in the private sector.

Unfortunately, that was decided at about the same time that the then Secretary of State decided to undertake a review of the Department's arm's-length bodies. The recommendations were unnecessarily delayed, so NHS Logistics was included in the review even though its future had already been decided. The Conservatives contend that it was included deliberately to expand the number of arm's-length bodies being considered so as to make the scale of the apparent cuts seem larger. I look forward to hearing the Minister's response.

The inclusion of NHS Logistics to beef up the review was not unique. The Commission for Health Improvement, the National Care Standards Commission and the Retained Organs Commission were also included, despite having been abolished before the review got under way; and the National Radiological Protection Board and the Public Health Laboratory Service were included, despite the Government simultaneously progressing legislation to abolish them. Six of the original 42 arm's-length bodies in the review had already been earmarked for abolition.

To a certain extent, at least, the timing of announcements about NHS Logistics was about playing politics. That may not have been the sole factor, but it has contributed to the confusion and lack of transparency that have characterised the entire process.

Judy Mallaber: I am slightly puzzled. As NHS Logistics is based in my constituency, I would have known about it if the Government were planning to privatise it. However, the Conservative party publicised the fact that it would privatise the service.

Mr. Baron: There should be no puzzlement on the hon. Lady's part. We have made our position clear. There is no reason why NHS Logistics should be excluded from the bidding process. I am trying to point out that the Government have played politics with the timing of announcements, which a number of hon. Members believe has helped to create uncertainty and a lack of transparency. She has admitted that she was not properly consulted, and she has a number of questions to ask of the Minister. I hope that the Minister takes the opportunity to answer them today.

Mr. Mike Hall: I am listening closely. Is the hon. Gentleman saying that the Government decided to privatise NHS Logistics in 2003, or was it simply the recommendation of the commercial director, which the Secretary of State rejected?

Mr. Baron: In the autumn of 2003, the Department of Health's commercial directorate recommended that the authority's procurement supply chain would be best developed in the private sector. Since then, the review body made its recommendation, but there is strong feeling in my party, and outside this place, that the NHS Logistics Authority was included in the review despite the fact that there had been a strong recommendation to privatise the supply chain.

If I may, I would like to move on because I want to give the Minister some time to respond to all our questions. In addition to the issue of timing, there has been an element of uncertainty with regard to the overall message. For example, in July 2004, the Secretary of State explained that

"the NHS Logistics Authority will be abolished".—[*Official Report*, 22 July 2004; Vol.424, c. 76 WS.]

However, in November of last year, a Health Minister said:

"no decision has been taken about contracting out".—[*Official Report*, 4 November 2004; Vol. 426, c. 397W.]

Putting the timing to one side, I put it to the Minister that the Government have also played politics with their message about the privatisation. It appears that the Government are pursuing the privatisation of the authority by stealth in order to avoid confrontation.

In the same way as the reforms in the new general medical services contract "Agenda for Change" were introduced, the national programme for IT and now the new general dental services contract are being introduced without the full engagement and involvement of all the affected parties. The Government are privatising NHS Logistics without adequate involvement and consultation of its staff or the relevant Members of Parliament. That can only serve to worsen the morale of the authority's staff, who deserve far better from the Government, particularly bearing in mind the successes they have achieved.

Jonathan Shaw: The hon. Gentleman referred to "Agenda for Change" as not having sufficient consultation. It took four years for 17 different trade unions to arrive at an agreement. It was a brilliant consultation. What does the hon. Gentleman mean?

Mr. Baron: The hon. Gentleman calls it a brilliant consultation, but many bodies involved felt that they had not been adequately consulted. I shall give him one example: the Society of Radiographers staged a picket of Parliament to make the point that it had not been adequately consulted. There were exceptions to that consultation and the hon. Gentleman should take them on board.

Bearing in mind that time is running short and as I would like to give the Minister plenty of time to answer a number of key questions, will she please address the

[Mr. Baron]

following issues? There has been concern in my party about the actual privatisation. NHS Logistics has achieved valuable efficiency improvements in the NHS supply chain. Its strong and successful brand has encouraged NHS trusts and primary care trusts to use its services more and more, which is to be welcomed. That has further strengthened the integration of the various NHS supply chains and realised further efficiency gains.

The Government must ensure that the independent provider eventually chosen provides a service that is as good as, if not better than, that provided by NHS Logistics. Because of a poor Government track record regarding the designing of contracts involving the private sector, such as those related to the computer system for the Child Support Agency and independent involvement in London Underground, such contracts must be properly crafted. If the outsourcing of NHS Logistics is similarly poorly handled, we may see trusts seeking alternative distributors, the fragmentation of the supply chain and the loss of the efficiency gains achieved in the past few years.

We must not sacrifice the valuable emergency role played by NHS Logistics in order to entice private sector providers to bid for the contract. NHS Logistics provides a 24-hour, 365-day-a-year delivery service, which has been invaluable in building up the authority's reputation as well as helping to safeguard patient care. The authority will also be called on to supply health service consumables in the event of any terrorist or other major incident. The capacity for emergency response must be retained when the supply and distribution work for the NHS is put out to tender.

I also ask the Minister to address the fact that in recent years NHS Logistics has taken on an active role in bringing health care closer to the patient. The authority launched the home delivery service in April 2003, which now caters for more than 1,000 patients. That valuable resource should not be sacrificed simply because a private sector provider does not deem it commercially viable.

Finally, I ask the Minister to ensure that all relevant parties are fully consulted on the privatisation, including the relevant Members of Parliament. To help achieve greater transparency, I suggest to the Minister that there is no reason why NHS Logistics should not be allowed to bid for the contract, bearing in mind its excellent track record of recent years. The Minister should give due consideration to that.

I welcome the Government's apparent commitment to reducing the size and scope of the arm's-length bodies, although they have yet to demonstrate that commitment anywhere but on paper. NHS Logistics is a successful distributor. It has driven wider efficiency improvements across the NHS and its staff must be congratulated on that achievement. Although I believe that it can operate better in partnership with the private sector, the partnership must be carefully crafted for the reasons already given. It must be drawn up to ensure that there is no loss of service or reduction in standard as the provider shifts from the public to the private sector. It must be drawn up with the full involvement of the staff and, I would suggest, other relevant individuals, such as MPs, who have done so much to build a successful organisation. The staff in particular deserve to be consulted on its and their future.

10.46 am

The Minister of State, Department of Health (Jane Kennedy): It is a pleasure to be here this morning. I feared that we would miss the opportunity to debate NHS Logistics, so I was delighted when my hon. Friend the Member for Amber Valley (Judy Mallaber) came into the Chamber. I congratulate her and my hon. Friends the Members for Weaver Vale (Mr. Hall) and for Chatham and Aylesford (Jonathan Shaw) on their speeches. I apologise sincerely to my hon. Friend the Member for Weaver Vale for the shortness of notice about the visit on Thursday; I shall make sure that that is corrected as soon as the debate is concluded.

I welcome the hon. Member for Billericay (Mr. Baron) to his position. This is the first chance that we have had to cross arms across the Chamber, but I am sure that there will be many more in future. I look forward to that, particularly if we can conduct business in the constructive style to which we have been treated this morning.

Today's debate is about the market testing of the potential outsourcing of the supply chain and consumables procurement service for the NHS, which involves NHS Logistics. Let me quickly run through the process to date. An outline business case was presented to Ministers in spring 2004 and the usual notice was published and released in August that year to engage the private sector in a procurement process.

I do not quarrel with any of the descriptions that hon. Members have given of the detail of the debate about the ALB review except what the hon. Member for Billericay said. I know my right hon. Friend the Member for Airdrie and Shotts (John Reid), who was Secretary of State for Health at the time in question, extremely well: he is an extremely complex individual, but not as Machiavellian as the hon. Gentleman suggests. I reject his suggestion that the process was manipulated to the extent that he claims.

Following the pre-qualification process six bidders were originally asked to respond to the invitation to submit an outline proposal. The next step would be to issue an invitation to negotiate. I was invited to take that step, but knew that there was anxiety on the matter; it was for that reason that I met Members of Parliament recently. I hope that this debate will contribute to dispelling some, if not all, the anxiety and to counteracting some of the misinformation, or lack of information, about the process.

Three options are under consideration. The first is what we have been debating today—the option to outsource NHS Logistics only. However, there are two other options. One is to integrate NHS Logistics and the NHS Purchasing and Supply Agency into one organisation; that is the recommendation of the arm's-length bodies review. A third option is to market test the whole supply and procurement chain. We are not considering that option now, but it may be useful to describe it to hon. Members.

Mr. Mike Hall: Will my right hon. Friend, for the sake of clarity, confirm that she said that the

recommendation of the arm's-length body review is a merger between NHS Logistics and the NHS Purchasing and Supply Agency?

Jane Kennedy: That, as I understand it, is the recommendation and that is what will happen in April next year if the status quo applies.

The hon. Member for Northavon (Steve Webb), in a typically thoughtful and probing contribution, asked whether the Government were taking a dogmatic view of contracting out and whether we had examples of occasions when we had considered the issues and turned back. I cannot give him examples of recent Department-level decisions because I am not aware of any, but there is the option within trusts of considering market testing, and there are organisations, trusts and hospitals that do not contract out some of their services—some have chosen to do so, but others have not. At Guy's and St. Thomas' across the river, for example, cleaning services are not contracted out. Equally, a hospital in my constituency does not contract out its portering service. We are not considering the issue from the dogmatic point of view that private is best. I hope to address that point in the short time available.

I accept that there are concerns about the impact that the proposals could have on staff and on the continuity and standard of service that the NHS currently enjoys. Since it came into being in 2000, the management team at NHS Logistics has grown the business from £500 million to £700 million-plus per year. It is important to place on the record the fact that NHS Logistics offers the NHS an efficient, one-stop shop for consumables and minimises the effort that trusts have to expend on such orders. Trusts benefit from the fact that NHS Logistics takes care of the ordering process, supplier payment, storage and the receipt and delivery of orders. As a result, those that rely on its services do not need to operate on-site stores to hold large quantities of consumables stock and they enjoy a paperless inventory trail.

One of the key points is that nobody has said that NHS Logistics is not a good business. The crucial point, however, is that the NHS is not realising its full potential. The logistics service must expand and develop to meet the needs of a rapidly changing health service and the vision of a public sector that puts people at its heart. I say that not as a piece of political jargon, but because it is crucial that the whole NHS constantly reviews and examines the way in which it does business. My hon. Friends have acknowledged that.

The NHS must become a service that works with patients to support them and their needs—a truly patient-led service. That must be our focus. Operating and managing a consumables procurement supply chain might deflect effort and resources from that critical agenda—the hon. Member for Northavon was prepared to contemplate the possibility that questions can be raised about that point. We should therefore consider partnering with someone for whom such things are their central focus. We have to take every step to ensure that the greatest percentage of the available budget is directed towards creating a patient-led NHS. By not achieving best value for money through our supply chain service, we are undermining our core mandate.

My hon. Friends have said that they will be less anxious if it can be demonstrated that the proposals offer the best value and are in the best interests of the NHS. Why, in the Government's view, are we not achieving best value? We spend about £15 billion a year on non-pay goods and services. Approximately £3.7 billion is spent on consumables, with only £700 million of that going through NHS Logistics, as we discussed earlier. There is considerable opportunity for expansion and to drive efficiency and savings across the NHS. All that will have a significant impact on front-line delivery. We believe that an independent sector organisation could be best placed to achieve such expansion. Far from driving up costs to the NHS, we seek to widen the benefits. We believe, for example, that we could achieve lower product prices through back-office efficiencies, and that we could provide a greater variety of services to meet different trust requirements.

The introduction of new and innovative technologies could also bring enormous benefits to the NHS. I assure hon. Friends and other hon. Members who have taken part in the debate that none of that would be achieved at the expense of the trusts. Trusts would benefit from significant savings, which could be invested in front-line delivery.

Mr. Baron: The Minister used the word "could" in relation to creating greater efficiencies by involving the private sector. Will she explain why early indications are that she will not allow NHS Logistics to bid for the contract? That seems to be the prevailing thinking at the moment, but if it is not, will she say so?

Jane Kennedy: We discussed that when we met hon. Members who represent constituencies that are affected. The truth is that the management could have responded to the advertisement placed in the *Official Journal of the European Union*. If the management had submitted a bid at that stage, I understand that they would have had to withdraw from the business in order to create a bid that could compete and that would not be based on the unfair advantage of actually running the business at it stands. I know that that is a convoluted process, but that was the advice as I understand it. Service delivery might have suffered if the management had withdrawn from the day-to-day operation of the business. The management would not have been able to inform or influence the process of developing the contracts and considering whether to move to the stage of inviting organisations to bid. That is as much as I want to say about that at the moment, but I have considered the matter.

I was asked about consulting customers. Customers have been consulted. The trusts that use NHS Logistics and PASA say that they value the service and do not want there to be any deterioration in it. We share that aspiration, and are determined that that will not happen. However, they do want changes in the range of services offered. There were common themes in the trusts' comments to those who organised the consultation. First, the organisers were told:

"they need to manage the whole supply chain".

That might be addressed eventually any way, but another comment was that

"they are good at what they do but to me they are box shifters".

Finally, one trust said:

"our service is 24/7, NHS Logistics isn't".

[Jane Kennedy]

It is possible that an independent sector partner would be incentivised to increase the volume and business and to achieve better product prices. That would directly benefit the trusts. I assure hon. Members that one of the driving principles behind the market testing is to protect the continuity and standard of service that the NHS currently enjoys. No decision would be taken that would jeopardise that.

I do not have time to touch on the consultation with Unison, but there are two points to make. My hon. Friend the Member for Weaver Vale asked what we were testing. We are testing the ability of the market to deliver the lower total cost of supplying consumables to the NHS. That would be achieved by a growth in volume, which would deliver lower prices, thereby driving prices down further. That is our objective. We would not be cutting staff numbers if the business were growing; on the contrary, staff numbers would increase.

The commercial directorate in charge of the operation deserves great credit for its work. The supply chain excellence programme, under which the process is being run, is proving to be of real benefit to the health service. It is important for the House to note that the directorate has worked with the NHS procurement and supply agency to achieve an annualised saving that is forecast to be more than £140 million. The process may yet achieve even more savings for the NHS.

Fatherhood and the Care of Children

11 am

Mr. Philip Hollobone (Kettering) (Con): Thank you for calling me, Mr. Olner. I am delighted that the subject of fatherhood and the care of children has been chosen for debate this morning. I welcome the Minister to her place and look forward to hearing her response.

For me, today has been all about fatherhood. I have just had a meeting with the Nappy Alliance, whose chairperson lives in my constituency, and an esteemed company called Bambino Mio, the UK market leader in reusable nappies, which is based in Brixworth in Kettering. I should like to dedicate the debate to my baby son Thomas, who is just over one year old. I am sure that he would be delighted if he knew that he was appearing in parliamentary records so early. Unfortunately, he cannot be here because he is with his mum, Donna, at the village coffee morning. Both of them send their apologies.

The main themes on which I want to touch are the importance of the contact between fathers and early-years children and of increasing parents' active responsibility for their children's behaviour, and the need for us to do four things: to do more to promote the institution of marriage; to get back to the idea that it is important to be able to afford and provide for a family before becoming parents; to tackle the issue of teenage pregnancy; and to make it easier for fathers to engage in fatherhood.

I started my research by going to the House of Commons Library to look up the dictionary definition of fatherhood. Unfortunately, despite the Library's huge resources, although I could find a definition of father, I could not find one of fatherhood. In my view, paternity—the Hollobone definition of which is the act of fathering a child—is very different from fatherhood, the participatory process of caring for and nurturing one's child or children. Fatherhood has demonstrable benefits. My wife said at the weekend that Thomas behaves differently with me than he does with her. Of course there is a very close bond between mother and child, and the relationship between father and child is different. However, the two together have been for centuries—and, I would suggest, will continue to be—the best way to bring up children.

The Equal Opportunities Commission has published magnificent research into the benefits of fatherhood. One of its recent studies suggested that children whose fathers have been actively involved in their lives do demonstrably better, with higher educational achievements, more satisfactory relationships in adult life and less likelihood of getting into trouble with the police. The EOC goes on to say:

> "Early involvement of father with child is associated with continuing involvement with that child through childhood and adolescence."

A report called "What Good Are Dads?", a review of 20 years of research into fatherhood by Charlie Lewis, professor of psychology at Lancaster university, was published in June 2001 by Fathers Direct. The research showed that involvement of fathers with children aged seven to 11 predicts exam success at 16. If fathers are involved before the age of 11, children are less likely to

have a criminal record by the age of 21, and pre-school children who spend more time playing with their dads are often more sociable when they enter nursery school.

Mr. Peter Bone (Wellingborough) (Con): My hon. Friend is speaking about the importance of the relationship between fathers and their children. As a new Member, my experience is that the Child Support Agency is the biggest problem in my surgery every week and in my telephone calls every day. It strikes me that in its present form, the organisation is not helping the father, the mother or the child. It seems actually to develop hatred—

Mr. Bill Olner (in the Chair): Order. That intervention is a little too long.

Mr. Bone: I apologise, Mr. Olner. Very briefly, will my hon. Friend give his views on the CSA?

Mr. Hollobone: I am grateful for my hon. Friend's intervention. Indeed, I planned to come on to the CSA later. Perhaps I could mention at this point that among the top three issues that I as a new Member deal with, letters and correspondence with the CSA on behalf of both mothers and fathers in the Kettering constituency rank number two. I very much share my hon. Friend's concern that the CSA seems to be far more involved with fathers who want to contribute to the welfare of their children but sometimes struggle with resources than it is with fathers who do not want to be responsible for the welfare of their children, who often escape the net.

A huge demographic shift has put pressure on fatherhood. I have some interesting statistics about households in the United Kingdom in 2000 which I hope will prove instructive: 18 per cent. were individuals who lived alone without children, 25 per cent. were couples without children, 58 per cent. were households with children, and 10 per cent. of that 58 per cent. were lone parents. It is now the case that 21 per cent. of all children live in lone-parent families—that is up from 7 per cent. in 1972.

Interestingly, the pressure on fatherhood also shows itself in a trend away from marriage. Compared with just 10 per cent. in the late 1970s, 40 per cent. of births are now registered outside marriage. Of those, 78 per cent. are jointly registered by the mother and father living at the same address. It seems that marriage is under more pressure than fatherhood, but there is a link between the two.

Perhaps of most concern is that the trend away from responsible fatherhood is greatest among teenage parents. Ninety per cent. of births to women under the age of 20 take place outside marriage, and 27 per cent. of those births are sole registrations, compared with just 4 per cent. for mothers who are in their late 30s or early 40s. A concern was raised in the 27 June edition of the *Evening Telegraph*, which is a highly respected local newspaper in my constituency and that of my hon. Friend the Member for Wellingborough (Mr. Bone). It stated that one in every 24 girls aged 15 to 17 gets pregnant. It is worrying that the rate is rising in Kettering, going up from 39 in every 1,000 between 1998 and 2000 to just under 50 in every 1,000 between 2001 and 2003.

The concern is that the younger a father is when his baby is born, the less likely he is to remain in contact. Recent research by Bristol university states that if the mother and father are both 17 or under when their child is born, only 2 per cent. of fathers are involved with the child nine months later. As men's ages rose, so did their involvement. The proportions grow to 43 per cent. for men between 18 and 21, and 100 per cent. for men aged 22 or over. The research goes on to say:

"Teenage pregnancy policy makers take note: doing what we can to support the father-child relationship in teen mother families may be of real value and importance to their children."

The facts about dads today are quite startling. More than a third of all male employees have dependent children and 89 per cent. of fathers are in employment. However, few fathers have part-time jobs. Only 4 per cent. of fathers work part-time, compared with 9 per cent. of men without children, whereas some 60 per cent. of mothers with children work part-time, compared with 32 per cent. of women without children.

The Government have tried to address, in a limited way, the issues of fatherhood, but there is far more to be done. I humbly suggest a number of recommendations that I hope that the Minister might wish to consider. The Government need to recognise the importance of fatherhood far more ostentatiously. The fatherhood quality mark has been produced by organisations such as Fathers Direct, which has an excellent website: www.fathersdirect.com. The quality mark is a new tool for improving outcomes for children by recognising organisations that are father-friendly.

I understand that the Law Commission expects to begin a two-year project to consider the law relating to cohabiting couples, starting this month. I suggest that pressure needs to be applied to the Law Commission to encourage it to consider the role of promoting fatherhood in the context of cohabiting couples.

Mr. Gerald Howarth (Aldershot) (Con): There is an important issue involved here. The Office for National Statistics did a report on young offenders and it found that in cohabiting households the rate of disorder among juveniles was as high as in single-parent households and three times higher than in married households. The idea that cohabiting produces the same outcome as marriage is not borne out by the facts. The ONS is hardly an offshoot of *The Daily Telegraph*. It is a totally independent official organisation, and it is important that the lessons from its report are understood.

Mr. Hollobone: I am grateful for that intervention, and I agree with my hon. Friend 100 per cent. He and I would both agree that the institution of marriage has worked extremely well over the centuries and needs to be promoted far more than it is at the moment. Nevertheless, we need to recognise that there will always be some parents who will not get married. Given that there will be parents who are cohabiting, we should not miss the opportunity offered by the Law Commission report to ensure that effective parenting and fatherhood in the context of cohabiting couples is promoted.

Her Majesty's Government should also look again at the non-registration of fathers' details. In this day and age, when we are all concerned about identity, it is

[Mr. Hollobone]

unacceptable for a father's details not to be recorded. Fathers need to be made responsible for their children, and if there is some way in which they can evade their responsibilities, that needs to be addressed.

We have mentioned the Child Support Agency. The Government need to take urgent steps to simplify and reform the way in which the CSA goes about getting support to those children who need it, but they also need to recognise fathers who are responsible about their offspring.

The other day I asked the Solicitor-General a written question about parental responsibility for miscreant children. The reply that I received was illuminating:

"Youth courts . . . have the power to impose parental bindovers on the parents of young people who have been convicted of an offence, but these are rarely used.

Breaches of parenting orders and parental bindovers are the only measures available to the CPS to hold parents accountable for the behaviour of their children."—[*Official Report*, 4 July 2005; Vol. 436, c. 14W.]

One of the major concerns in my constituency is that residents want parents to be held accountable for the behaviour of their children. In part, the answer that I received suggests that the mechanisms in place are not being used as effectively as they might be.

I am grateful for the opportunity to start this debate and look forward to the contributions that hon. Members will make. I close with a call for the Government to do more to recognise the importance of fatherhood, but preferably in the context of the stable, long-standing, effective and traditional institution of marriage, which offers the best prospects for bringing up well-adjusted children.

Several Hon. Members *rose—*

Mr. Bill Olner (in the Chair): Order. Before I call the next speaker, I remind hon. Members to be reasonably brief so that they can all get in. Several people have written asking to catch my eye and I shall endeavour to call as many as I can. However, I am afraid that unless hon. Members are brief, there will be more speakers than time.

11.16 am

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on securing this important debate.

We use the word "crisis" a lot in this place, in our press releases and in our speeches. Last night we were discussing council tax and the crisis affecting certain income groups, and last week we were discussing the crisis affecting NHS dentistry. All are important issues and certainly worthy of parliamentary time, but this morning we have the opportunity to focus on something that I truly believe is a national crisis. However, it is rarely discussed properly, either because of political correctness, which sucks the very heart and value from any debate on social issues, or because it is so easy to fall back on generalisations and caricatures, stigmatising vulnerable groups or harking back to a bygone age.

We in the UK face a social crisis as a result of the absence of fathers from the lives of hundreds of thousands of children. The absence of fathers from family life is surely the most socially consequential family trend of our era. Some 15 per cent. of babies born at the turn of the millennium now live just with their mothers. Of those, nearly half see their fathers at least once a week, but nearly four in 10 have no contact with their fathers at all.

We see that phenomenon all around us in our constituencies, especially in communities centred on social housing developments. We are familiar, I hope, with the complex and interrelated problems of social exclusion that characterise those communities: poverty, low aspirations, educational failure, truancy, crime—the list goes on. Rarely do we hear discussion in this place about the link between family structure and such outcomes for children and young people, however. The evidence is there, but it is staggering how often people involved in family policy refuse to acknowledge it.

The proportion of children being raised by lone parents has increased by a quarter under this Government—there are now more than 3.2 million of them—and we are in danger of becoming the lone-parent capital of Europe. According to EUROSTAT, lone-parent families make up more than 70 per cent. of households with children—more than in any other country in Europe. That is partly because the absolute number of children living in one-parent families is so large, but also because the birth rate among intact couples has fallen. As a result of those twin developments, the percentage of children living in one-parent households is now much higher in Britain than elsewhere.

It is so easy inadvertently to frame the debate in terms that lay the blame at the door of the single mum, but that is absolutely not the purpose of my speech, or of this debate. One of the Conservative party's great errors of the past 20 years was to view social fragmentation through a lens that saw single mums as the principal problem. To a large extent, the problem is also about men, and about men behaving irresponsibly and fathering children. Often, they too have been brought up in lone-parent homes, with no understanding of what real fatherhood is about, and they then replicate the cycle in the lives of their own children.

There has been a lot of research in recent years about the socio-economic changes affecting the male population in post-industrialised countries. My hon. Friend the Member for Havant (Mr. Willetts) has written at great length about those changes, describing what has happened to the marriageable pool of men. Often in communities there are men whom women will happily sleep with, and have children with, but with whom they would never in their wildest dreams set up home.

Many children living in single-parent homes will eventually end up in step-families. Social parenting, as opposed to biological parenting, is an important new phenomenon in family life. It is essentially about stepfatherhood. More and more men are raising other men's children, while in many cases their own children grow up elsewhere. No fewer than 17 per cent. of dads born in 1970 are stepfathers, nearly double the number among men born just 12 years earlier.

The most rapidly growing family type is the step-family. Since most children remain with their mother following divorce or separation, most step-families have

a stepfather rather than a stepmother at their head. Not nearly enough research has been undertaken into the pressures on step-families, especially as the Child Support Agency is often lurking in the background of those families' lives, and payments are being made to the previous partners.

There has been a great deal of research about what social fragmentation means for children and society in general. Although many lone parents and step-parents do a superb job raising their families, the children are at much greater risk of abuse, of neglect and of worse social, educational and health outcomes than children who live with both their natural parents.

The decline of the traditional family unit is harmful to children and to wider society. As an example, I dug out a Home Office report on young people and crime from about 10 years ago. It undertook extensive research into the factors that drive young people to criminality. One conclusion stated:

"For both males and females, those who lived with both natural parents were the least likely ever to start to offend, followed by those living with a lone parent."

Those living with one natural and one step-parent were the most likely to start offending.

A few years ago I paid a visit to Cardiff prison, where I met a group of young men in their late teens and had a discussion with them about their lives. All had had chaotic home lives; all had grown up without the presence of a father; all had failed at school, played truant and committed criminal acts; and a few of them had found themselves in a revolving door situation, in prison for the third or fourth time. Several of those young men had already started to father children, thus repeating the pattern.

Family fragmentation matters. One of the most important factors to understand in this debate, although by no means the most important, is the fiscal framework surrounding the family structure. During the election campaign two months ago, I spoke to one young family at their home in Haverfordwest. They had two young children, the mother stayed at home and did not work, and the father had a modestly paid job earning less than £16,000 a year. They told me that their calculations showed that they would be better off if they divorced and the mother raised their children as a single parent. What a staggering conclusion in this day and age: a family can make that judgment and those calculations, and find that they would be better off splitting up and having the mother raise their children alone.

I have seen research undertaken by people such as Jill Kirby at the Centre for Policy Studies, which claims that the tax and benefit system subsidises marriage break-up. It shows that the average couple family in which one partner has a job is only £1 a week better off than the average workless one-parent family, because lone parents get so much extra support from the state. I do not believe that the perverse incentives created by the tax and benefit system go anywhere near far enough to explain the social trends that we are debating, but they are important factors that Ministers need to address.

One point that I want to draw attention to, which is linked to the main issue, is the wider absence of male role models in the lives of young people, particularly in schools. The General Teaching Council for Wales noted two months ago that there were so few male teachers in Wales that many pupils had gone through their primary years without ever being taught by a man. In primary schools, only 16 per cent. of teachers are men. In secondary schools the figure is 40 per cent. I would welcome the Minister's thoughts on why, despite the campaign by the Teacher Training Agency, the overall percentage of male teachers is falling. It was 28 per cent. last year and it is 27 per cent. this year.

What more can be done to address that problem? In other areas of life we see many examples of positive discrimination to rectify gender or racial imbalances. Should Ministers not be taking a more active approach in this area as well?

We in the House are doing the country a huge disservice when we fail to promote marriage, and fail to tell the truth about how the collapse of family life seems to fuel every social problem, including truancy. This is not about a mission for moral rearmament, and it is certainly not about demonising single mums, the vast majority of whom do a fantastic job. It is simply about recognising that children who grow up with their fathers do far better emotionally, educationally, physically, and in every way that we can measure, than children who do not. That conclusion holds true even when differences of race, class and income are taken into account. The simple truth is that fathers are irreplaceable in shaping the competence and character of their children.

11.27 am

Mr. David Burrowes (Enfield, Southgate) (Con): I congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on introducing the debate, which is of great significance. I, too, must declare an interest. I am a father of five children. To follow my hon. Friend's lead, they are Barnaby, Harriet, Dougal, Dorothy and Noah. Perhaps we should all declare a significant interest—we all want children to get off to the best start and there to be a reduction in the antisocial behaviour that we see in our communities. We all have an interest in trying to ensure the presence of a responsible father in our homes.

I have been a solicitor dealing with criminals for the past 11 years. Yesterday, I handed over my files to my replacement, so I spent some time looking back at old files. I thought about the characteristics of criminal clients. Invariably, they are young men, who show irresponsibility. Often they are drug addicts with learning difficulties and are from homes in which there was a single parent. They invariably had little or no contact with a father and no older male role model.

One such client was my first client at Enfield police station. He was a young man who had previously had high expectations—he had hoped to be a weightlifter for England—but had, sadly, been tempted by drugs. His lack of discipline and respect showed itself in what was the first of many criminal offences. Over the years, he became one of the most prolific offenders in Enfield. It was not uncommon for him to commit 100 burglaries in a week. He has now become my last client. He is in Pentonville serving a stretch of three years for robbery.

During the 11 years that I have known him, there have been periods of stability in his life. I will consider the characteristics of that stability. It has been when, as a father of two young children, he has, for brief times it

[Mr. David Burrowes]

must be said, showed responsibility. He has then been able to reconnect with society. When he took seriously his responsibility as a father, that connection was made. He suddenly woke up to the fact that he had duties and responsibilities in society. That had a profound effect on him not committing offences. Yes, he was no doubt helped by drug treatment and testing orders and by probation supervision, but of most significance, as he would say himself, was when he faced his responsibilities as a father.

It is that challenge that we need to face. The cost to Enfield of those 100 burglaries a week and the cost to his family and to others have been because of that individual and others like him. The big challenge for such people is to reconnect with society and with being fathers, and to take their responsibilities seriously.

It is significant that when I visited that person in the cells at Enfield magistrates court or at Pentonville he was often distraught or in tears. The bravura of being a prolific offender had peeled off and he was just a young child in many ways. The first thing that he would always say was that he wanted his father and that he wanted his father to show some interest in him. That had a profound effect on him, and it is now showing itself across the generations as he is not taking seriously his responsibilities as a father. We must tackle the issue of fatherhood, not only for his benefit but for that of the community.

Statistics have been produced, which I will not seek to repeat. It is shocking that the rate of lone parenthood in this country is more than double that of our European neighbours. Teenage motherhood and teenage pregnancy rates are rocketing. Enfield has one of the highest rates of teenage pregnancy of any London borough. The challenge, which we need to tackle early, must be to ensure that fatherhood has an important role. Young men should appreciate their responsibilities at an early stage.

Fathers who are on the scene and the time that they spend with children are also important matters. One survey researched a number of fathers, who spent on average three minutes a day with their children. We should compare that with the fact that the same research showed that children spent three hours in front of a television. We have serious problems in our society with the time that fathers take with their children and with fathers being absent from the home.

We should perhaps learn some lessons from America, where there has been a debate about family breakdown. I am sure that we can all agree that family breakdown has dire consequences. The debate on welfare to work has been followed by a number of programmes, aimed at getting lone parents back into the work force. The Government are taking that part of the equation seriously. However, we cannot stop there, and we need to accompany that with the role of fathers. That role is vital, and we need to promote it, as my hon. Friend the Member for Kettering said. The equation is important. There is an imbalance if we rely on getting people back to work and do not properly value the importance of fatherhood.

We need to wake up effectively to the profound financial and social costs of family breakdown. Disintegration can no longer be tolerated by a responsible Government. Firm action is needed and it has to happen now. Welfare policies have sought to create a habit of getting people back into work. At the same time we need policies that will restore the important role of men in family life. That is important and it needs to accompany any welfare-to-work policies.

We need to examine some radical measures, such as joint registration of births, joint interviews for benefits and encouraging the family and father link in housing. In Enfield, we have been particularly keen to consider the family and generational link for housing preferences. Where the state is involved in funding, we need to be creative and maybe even radical to ensure a role for men in family life and in the important decisions. Whenever welfare is handed out, a contract is involved and that needs to be a proper contract that includes fathers.

The vital challenge that we need to take up is to reconnect fathers to families. The debate is not simply about fathers paying their child support and having supervised contact. That is not good enough. We need to go further. We need to promote and value the role of fatherhood, and to harness and encourage voluntary groups and faith-based organisations that promote fatherhood.

As my hon. Friend the Member for Kettering said, we need to be bold and to recognise that generally, although not exclusively, marriage sustains fatherhood. We should promote and reward those groups that promote not only fatherhood, but, explicitly, marriage. We must support trusts that work hard practically to support and encourage stable and long-lasting marriage, because that is in the interests of fatherhood and children. We therefore need to ensure that all our welfare and family policies promote family, fatherhood and marriage. That is in the best interests of us and our children.

11.36 am

Andrew Selous (South-West Bedfordshire) (Con): I, too, am delighted to speak in the debate. I shall address my remarks primarily to the Minister because I hope that when she replies she will not approach the debate as though this were an issue of party-political infighting. It is far too serious and important for that. I hope also that we will find some common ground, because this issue is vital to the future of our country. Father absence is the biggest domestic issue that we face in the UK today.

A few days ago, one of our leading building societies released some research saying that many people—more women than men—go on to have new, happy lives after divorcing or splitting up, but that research did not show anything about the effect and impact on children. The data on that are overwhelming: it is all too clear that losing a loving, committed parent from their home is hugely detrimental to children's emotional development and many forms of achievement.

I hope that we can move on from some of the constraints that have made this area a difficult subject for us on both sides of the House. We could all say that many, if not most, single parents deserve medals for what they do. I am a father to three children; my wife and I struggle to get through the week and do all the things that we want to do with our children. How parents—mothers or fathers—cope with that huge work

load on their own defies belief. They need support and encouragement, and I would not want anything said in this debate to be seen as an attack on them. I hope that we can take that as common ground, and move on to say that it is hugely in our national interests to encourage and value committed, loving and responsible fatherhood. There are ways in which we can do that.

The Government have made the defeat of child poverty one of their key objectives. That is a noble and worthy aim, and I salute the Government for trying to achieve it, but the Minister will know from her time in the Department for Work and Pensions that 45 per cent. of children who live in poverty live in single-parent homes. The latest figures that I have seen show that a quarter of children in the UK live in single-parent homes. That cohort of children contributes disproportionately to the number of children who live in poverty. I hope that the Minister will ask her colleagues in her Department and her former Department to consider how the encouragement of responsible, committed fatherhood could be a real weapon in the Government's armoury with which to defeat child poverty—an issue that is rightly close to their heart.

What can we do? We can reel off statistics, of which we have heard many this morning. I shall not go through them again, as it would be rather depressing to recite them. In far too many debates we agree that there is a problem. We analyse that problem and spend only the last few minutes coming up with things that we could do about it.

I have a number of suggestions for ways in which we can tackle the problem together. First, I shall take us to America and something that was started there in 1994. I am well aware that American society is very different from that in the UK, and that we cannot simply introduce here things that have worked there. Having said that, an organisation called the National Fatherhood Initiative was set up in America in 1994 by Wade Horn, who is currently an assistant secretary in the Department of Health and Human Services in the American Administration. The organisation changed the culture in several ways.

About 10 years ago, it was possible to go into the pubs and bars of America and find young men leaning against a bar stool bragging about how many illegitimate children they had. That was all right; it was an acceptable form of being macho. In the past 10 years, however, the initiative's campaign has managed to make that less socially acceptable. Of course there are still far too many illegitimate children and father-absent families in America, but the cultural tide has turned. The Minister will know that all Governments need that backing—that groundswell of opinion among the electorate as a whole—in order to make progress in this area.

How did the National Fatherhood Initiative do that in America? It used public service advertising, among other things. I urge the Minister to go back to her Department and consider speaking to our embassy in Washington to ascertain whether it would give serious consideration to the American experience and to see whether there is common ground between us and lessons that we can learn about using public service advertising in the United Kingdom to launch a similar initiative. Perhaps the Minister will comment on that suggestion when she replies.

The second major area that I want the Government to consider is that of community family trusts. Again, those organisations sprung from work in America, but were brought to this country, localised and made to work in the UK. There are many of them in the south-west—Bristol has one—but they have also spread out across the country and can be found in places such as York and elsewhere.

The trusts are charitable organisations that receive some Government funding, some local disorder partnership money and other local authority money. Their focus runs all the way through from primary schools, secondary schools and colleges to workplaces, GPs' surgeries, and registry offices, which hold 62 per cent. of all the marriages that take place in the UK. They provide advice to couples both before they get together and, crucially, afterwards; they do, if one likes, provide aftercare services for couples. We know that the key pressure points in relationships are often when children come along and several years later, and the trusts provide practical and easy-to-understand relationship support. The data from America, which academics at the University of Texas have independently analysed, suggest that the trusts have saved about 33,000 marriages and relationships in the areas that they cover. We could make use of them.

I am delighted that my right hon. Friend the Member for Haltemprice and Howden (David Davis) attended the earlier part of the debate. He will know that the Conservative party was committed to providing funding for these organisations. It would not take a massive amount of funding, but I seriously believe that the data and evidence from America, which are available for the Minister to examine, show that these voluntary community-based organisations could be a huge help and could change the culture in this country to ensure that we had much greater couple stability, which is how we will get committed fathers to live in their children's homes and to take an active and continuing interest in their children's lives.

We have heard about the importance of fathers realising their financial responsibility from the moment they father a child all the way through that child's life. I am well aware that mothers are allowed not to register the father's name for understandable reasons, such as fear of domestic violence, which, sadly, is all too often a serious problem in this country, but if young men in particular were aware that they would incur a financial penalty throughout their lives that they would not be able to evade, that would make them think seriously before they fathered children and then cleared off, leaving the mother to cope on her own, and the state and the community to pick up the pieces.

A few weeks ago, when there was a certain amount of press attention on the family that had pregnant 12-year-old, 14-year-old and 16-year-old daughters, I was pleased to see that some of that attention was directed not at the significance of the three pregnant young women, but at that of the three people missing from the picture. The thing that struck me about the photograph of the family was: where were the fathers? It was not the three mothers and the three children who were significant; it was the three absent fathers. My hon. Friend the Member for Surrey Heath (Michael Gove) focused on that in a piece that he wrote in *The Times*, and he was right to do so.

[Andrew Selous]

Having been a Minister in the Department for Work and Pensions, the Minister will know of the concerns about our benefits structure, and the fact that, at times, it appears to give couples financial disincentives to stay together. Single parents incur greater costs for the simple reason that there is only one of them to provide child care. However, I would ask the Minister to go back to colleagues in her old Department and to seek a rigorous audit, perhaps with independent outside help—many independent commentators who are former tax inspectors, and others with no political axe to grind, have concerns in that area. I am sure that it is not the intention of the Minister or her Department that many couples, now referred to as LATs—living apart together—live in separate households in order to receive increased benefits and tax credits. That is not healthy for children and it puts extra pressure on housing space, which is in short supply in many parts of the United Kingdom.

Finally, all the evidence is that fathers actively want to be physically involved with their children—to spend time with them and to perform routine tasks with them week by week—and that is something that mothers would welcome. We have to look more imaginatively at flexible working. That is a difficult thing for MPs to talk about; we are, by definition, extremely bad role models as parents because of the nature of our job and the hours that we work. No doubt that is true of many other people who work long hours. Anything that we can do in that area will be extremely worth while.

11.48 am

Mark Williams (Ceredigion) (LD): I am genuinely grateful to the hon. Member for Kettering (Mr. Hollobone) for having raised the important subject of fatherhood and the father's role in child care. I very much agree with the hon. Member for South-West Bedfordshire (Andrew Selous) that there is a need for nationwide consensus on the matter.

My approach is a little different from that of the Conservatives. I shall discuss some other mechanisms through which we can support the principles of fatherhood. I shall not list my children's names, but I, too, must declare an interest, albeit a rather limited one in recent weeks. Most hon. Members would agree that our society is witnessing a trend towards a better work-life balance and, in parallel, a desire on the part of fathers to be more involved in the lives of their children. I welcome that trend—the time that young children spend with their parents has increased from perhaps 15 minutes a day in the 1970s to some two hours a day in the 1990s. With my background in primary education, I believe that fathers and male role models generally have much to contribute to a child's development and sense of security.

Although I endorse what the hon. Member for South-West Bedfordshire said, his statistics are wrong: the Welsh teaching profession is down one male since my election to this place. There is a need to attract more men into primary education and into child care in general. Given the Government's acknowledgement of the need to recruit 160,000 people to work in child care by 2008, can the Minister tell us what plans there are to attract men to work in that sector? The positive role that men can play is another reason why we should attract more men into education, an area traditionally dominated by women. I was often told that, as a man, I would have no problem getting a job in a school, and that proved to be the case, although I must confess that the shortlist was not particularly big.

Today, however, we are exploring the move towards active fatherhood and the mechanisms to bring it about. Some are already in place, but others are non-existent or need to be developed more fully. Notwithstanding what has been said about statistics, the Equal Opportunities Commission has produced optimistic figures suggesting that 80 per cent. of fathers and 85 per cent. of mothers agree that employees should be able to balance their work and family lives. A high number of employers—62 per cent.—also recognise that, signalling their commitment in principle. Most importantly, however, 79 per cent. of men want to spend more time with their children. That is progress, and I welcome it. There is a drift towards parenting as a principle as well as a practice, and towards giving parenting the respect that it deserves.

The influence of parenting is visible in many ways. Given my background in schools, I have no doubt that proper parenting gives rise to the behaviour that we expect in our schools, in adolescence and beyond, and the links between bad parenting and crime are well established. Notwithstanding the fact that the definition of the family in Britain is far wider than it used to be and there is no longer a universal structure, I have no doubt that the male role model is important.

It would be churlish not to applaud parts of the Employment Act 2002, which I am sure the Minister will mention, but there are still issues that make it difficult for men to assume a greater role in their children's lives and therefore in their care. Men are generally the higher earners, and when the father earns more than the mother the family decision that the father will continue to work full-time is inevitable. Generally, it is still the mother who has to alter her working pattern or face the pressure of work and a family career. Continuing to address the gender pay gap will do much to counter the traditional gender roles of father as breadwinner and mother as carer and to promote equality of opportunity in the caring role.

One concern is that employees—both men and women—are unaware of the proactive mechanisms in place to promote family-friendly policies, because these have not been communicated effectively. Such mechanisms include the opportunities for flexitime, a shorter working week and the capacity to work from home. Although the number of flexible working requests that have been declined has fallen, I should like to ask the Minister why only 58 per cent. of parents with children under six are aware of the new flexible arrangements.

I mentioned that the role of either parent may not necessarily be positive, and there are often tugs of war with the child in the middle. In such cases, there should not be a presumption in favour of equal parenting. We are not parents as of right. I prefer a child-centred approach. Where there are challenges in terms of the care role, the child's interests are paramount. I would strive for a blend of parental involvement that recognises the role of fathers and mothers, but best benefits the child.

On access rights, I start from the principle of equality of access, but not necessarily equality of time, because I have seen the ramifications of that all too often in my classroom. It is important that children have opportunities for good-quality contact time with both parents, but we need to pay attention to the potential for mental or physical abuse. We should not underestimate parents' capacity for mental abuse. Decent child care centres are needed, and that is an issue of some concern in the Cardigan women's refuge in my constituency.

Laudably, the Equal Opportunities Commission has called for shared parental leave rights in the second six months of a child's life, whether or not the mother was working before the birth, to give both parents an equal opportunity to bring up the child, rather than simply transferring parental leave to their partner after six months, as the Government suggest. I would be interested to hear the Minister's views on the issue and I hope that it will be considered seriously in the Government review of leave policy in 2006.

Notwithstanding what many hon. Members have said about the changing dynamics of family, which are having an important effect on society, there is recognition that fathers want to play a greater role in their children's lives. That is a step forward.

Mr. Bill Olner (in the Chair): I can call Mr. Binley and Mr. Hurd to speak if they are very brief.

11.55 am

Mr. Brian Binley (Northampton, South) (Con): Thank you, Mr. Olner. I apologise for not letting you know earlier that I wanted to speak and am grateful to you for calling me.

In my maiden speech in the House, I talked about a dear friend of mine who was the Labour agent in Kidderminster when I was the Conservative agent. I said that when we cast aside our political differences, we were surprised by how much we agreed on and how much work we could do together. It is in that spirit that I make my contribution today, because there is much that we can do together. If the Minister sees this as a political attack requiring a political defence, we shall fail, but I am sure that she does not, and that encourages me.

I shall concentrate on the impact of the absence of a permanent male role model, commonly called a father, in family life, particularly the way it affects the education of boys aged 12 to 14. Some 50 per cent. of boys brought up in two-parent families have the chance to achieve meaningful educational qualifications, but, sadly, only 30 per cent. of boys from homes in which one parent—overwhelmingly the mother—has played almost the sole parental role have a chance to achieve the same. That is a massive difference of 40 per cent. If anything shows the import of male role models in parenting, it must be that.

I have discussed the matter with teachers in upper schools in Northampton, and it is clear that boys brought up in homes without a permanent male parent are more likely to reject the benefits of education when aged 12 to 14, seeing it as a waste of time in many respects. Teachers think that, sadly, the interest of such boys is consistently more turned off than that of the majority of young men from homes with a permanent male role model. Equally importantly, such boys are also much more likely to reject authority because, in a way, they see having authority as a male activity. It is not difficult to see how important that is in other aspects of life as they proceed through their lives.

My hon. Friend the Member for Kettering (Mr. Hollobone) said that fatherhood is the participating process of nurturing and progressing the life of a child. There is support for that in the 2000 Ofsted report, which said that

"there is a disturbing absence of men involved in family learning."

That is the point from which I start: the life chances of a child are created through the learning process, particularly our education process in this country. It is clear from all the evidence that when fathers are involved in their children's learning, those children's exam results and school behaviour improve, they exhibit less criminal behaviour later on, and they have better relationships in their adult lives. I did not say that—

Mr. Bill Olner (in the Chair): Order. On that positive note, I invite the hon. Gentleman to wind up his speech so that his colleague can speak.

Mr. Binley: I apologise, Mr. Olner. I shall do as you suggest.

To conclude, I return to my opening remarks. I said that I hope we can work together. We have heard many creative ideas today. I believe that we should create a culture of change. We should start a crusade by working together. I hope that the Minister will take that on board.

12 noon

Mr. Nick Hurd (Ruislip-Northwood) (Con): I am grateful to you, Mr. Olner, for squeezing me in. This important debate goes to the heart of a growing concern in my constituency about the perceived breakdown in the values that once bound the community together—respect for the law, respect for property and respect for each other.

A growing voice has linked that breakdown with the way in which children are being brought up today. It is not just the voice of nostalgia for a golden age of parenthood that probably never existed. I have spoken with senior London policemen who have to deal with the fact that 40 per cent. of street crime in London is committed by 10 to 16-year-olds playing truant. I have spoken with the headmasters of secondary schools who often find parents who obstruct rather than support their efforts to instil more discipline in their schools. A growing body of research summarises the evidence of family breakdown in Britain and its harmful impact on children.

It is striking how out on a limb we are. Britain is the divorce capital of Europe, with 25 per cent. of children living in lone-parent households. That is twice the European average as measured by EUROSTAT, and the trend shows no sign of slowing. The Government's approach has been to respect personal freedom and to help those facing the challenge of bringing up children on their own in conditions of poverty by providing them with support. Those good intentions are to be supported—they are thoroughly respectable—but I would argue that they have unintended but damaging consequences.

[Mr. Nick Hurd]

I would like to pick up the point made by my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb), which is that the tax and benefits system now discourages low-earning parents from forming two-parent families. That message comes through strongly in research from a wide range of organisations, including Civitas, Care, the Institute for Fiscal Studies, the Joseph Rowntree Foundation and the Centre for Policy Studies. It is the inevitable outcome of a system in which income tax is based on individual assessment, with no allowances for marriage, and benefits are based on a joint assessment; arguably, penalties for marriage are built in to the system.

If that is true, Government policy may be helping to increase the number of children being raised without a father in the home, despite increasingly clear evidence that there is a link between marriage or stable cohabitation and a better outcome for children in terms of health, performance at school and crime. That being so, is it not time to confront the awkward truth that children growing up outside the family unit do not have equality of opportunity? Is it not time to re-examine where the interests of children lie and ask whether it can be in their interests to penalise couples and subsidise lone parents? Faced with the growing tension between the need to respect personal freedom and the desire to give children the best possible chance, I argue that the Government should at least be neutral in the signals that they send via the tax and benefits system.

I was canvassing on an estate in Ruislip during the general election when I was pursued down the street by a young man in a dressing gown. He wanted to tell me that his decision to marry his girlfriend would cost him £400 in lost benefit. He was going to do it anyway, because he thought that it was the right thing to do, but he wanted to know whether it was wrong for the Government to be sending that signal to young people. I said yes, and I would be interested to hear the Minister's response.

12.4 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I add my congratulations to the hon. Member for Kettering (Mr. Hollobone); our debate has raised many interesting issues. I stand here with some trepidation, in view of the line-up of hon. Members behind me. I am a mother, and to protect myself from further comments, I can tell the House that I have been married for more than 35 years. I also declare an interest in that I am a trustee of Poole community family trust. I share many of the enthusiasms of the hon. Member for South-West Bedfordshire (Andrew Selous), and his interest in the topic. Of course, the trust receives Government money.

I was slightly disheartened when I first saw the title of this debate, because I always think that we should put children first, and I thought that the title should be "Children and the Role of Parents". However, many hon. Members have addressed that point. It is clear that childhood, and therefore parenting, are increasingly complex in today's society. We have to understand the needs and rights of parents of both sexes, and of children, in the context of the economic and social environment in which we live.

We are getting it wrong in so many ways. I would like to add just one more statistic: ChildLine reports that 1,500 suicidal children phone its helpline every year, often citing problems of abuse, neglect and low self esteem that build up during childhood. We have a lot to answer for.

My hon. Friend the Member for Ceredigion (Mark Williams) made some particularly interesting contributions about work-life balance. Most people would agree that ideally, caring roles should be shared by women and men, with support from employers. Interestingly, that probably does not mean a 50:50 split, although we hear a lot about 50:50 splits in the debate on child contact. That is a sad reflection on the number of hours that our fathers work—the longest hours in Europe. One in eight fathers work excessively long hours—60 or more a week. That does not give much chance, or time in the day, for the development of fatherhood. Even so, overall, fathers' time spent with their children accounts for one third of total parental care time. On that basis, we have to value the contribution of fatherhood to caring for children.

We have mentioned the need for flexible working time, and we need to be concerned about the lack of opportunity for flexible working practices and the lack of take-up by fathers. When fathers have been actively involved in their children's lives, the children have better outcomes. We have heard about a number of such outcomes today.

Fathers often face the conflict of being both a parent and, frequently, the main breadwinner. What can we do in terms of maternity and paternity leave—paid and unpaid—and flexible working time? We need to applaud the Government for making a move. From April 2003 there has been a fortnight's sort-of paid leave, although there is not very much pay, which is not a great incentive. Indeed, where not enough money is paid, it might even be a disincentive for fathers.

It is clearly an advantage to have the father around during those all-important early years. What more can we do? I look forward to the new measures that the Government will announce shortly. I also agree with some comments about encouraging active fatherhood; I am not sure that I agree with all the ways of encouraging it, but the principle is sound.

I would like to touch briefly on the importance of family support mechanisms. With changing structures in society, support mechanisms have become much more important. Being a parent is probably the most important job that we can ever take on in life, yet most of us have no training whatever. Parental training should not be seen as something to be scorned, but should be available for everybody; it should be seen as the thing to do, rather than as the result of some failure.

To return to relationships, which I care so much about, I am sure that we can do much more pre marriage, pre relationship and post relationship, particularly in schools. We could start at the age of five, and have a curriculum that embraced the importance of relationships. In the other place the other day, Lord Northbourne suggested that

"children should be learning from appropriately trained teachers interpersonal skills appropriate to their age—communication skills, emotional literacy, how to form and sustain good relationships with peers and adults and how to discuss and negotiate without anger."—[*Official Report, House of Lords*, 29 June 2005; Vol. 673, c. 276.]

There is so much scope there. Without being preachy about the situation, we can actually improve the family's chances and the children's life chances within that.

As far as fathers are concerned, I am particularly keen on early bonding. That is happening in some places, and the early and prenatal involvement of fathers is all-important. Once that bond was formed, it would be likely to continue on in life, and perhaps we would not have so many disputes over child contact.

Important scientific evidence is also emerging that without a strong bond with at least one adult, a baby is likely to suffer brain damage, which can lead to all sorts of antisocial behaviour. We need to study the first six months closely; we need to think about the child and both parents. That is critical to later life. I also endorse the point about the male role model in school. My perception is that things are changing. However, for a long time there was a noticeable absence in primary schools, which was significant.

Before I finish, I want to mention the Child Support Agency, with all the mistakes that are made, and the other issues involved, as a clear example of not putting children first. We must also be mindful of domestic violence. We must ensure that women—or men, if that is appropriate—and most of all children, are protected.

Many of us are exhausted from the long hours that we work, and perhaps we do not take enough time out to think about what we do. We need to love and care for our children and value their great achievements. We must appreciate that we bring precious beings into the world, and that they should come first.

12.11 pm

Tim Loughton (East Worthing and Shoreham) (Con): We have had an excellent debate, and I congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on securing it. This is the first time that this subject has been tackled in the Chamber in all my years in the House. It is an enormous subject.

When we talk about fathers in the media and politics, it tends to be in negative terms—what Fathers4Justice and "Superman" may have been getting up to, and problems with the Child Support Agency and errant fathers. However, there are an awful lot of positives, too, and some have been mentioned by my hon. Friends today. Certainly, lack of involvement by fathers has been and is still the cause of enormous social fragmentation, as my hon. Friends the Members for Preseli Pembrokeshire (Mr. Crabb), for Northampton, South (Mr. Binley) and for Ruislip-Northwood (Mr. Hurd) have said.

I welcome the opportunity to speak in this debate. I find it extraordinary, particularly given the strong interest that the hon. Members here have shown, that not a single Labour Back Bencher has contributed to a debate on a subject that covers a multitude of matters of direct and key relevance to many of our constituents. That is a cause of great sadness.

Many organisations, particularly in the voluntary sector, are contributing to the debate about how we can be better fathers. Fathers Direct has been mentioned several times, and it produces excellent publications, among which "Working with Fathers: A Guide" is worthy of a mention.

It is worth contemplating some of the changing social patterns that mean that fathers spend more time with their children than they ever used to. Despite some of the assumptions rightly made by the hon. Member for Mid-Dorset and North Poole (Annette Brooke) about the pressure of work, parents in general now spend four times as long on child care as they did 40 years ago. Interestingly, men now spend eight times as long with their children as they did then. There has been a drastic change between the amount of time that my father would have been expected to spend with me in the early 1960s and the amount of time that I might be expected to spend with my children now. As hon. Members have said, however, Members of Parliament are perhaps not the best role models in the matter of finding quality time for bonding with children.

Things are getting better. Almost eight out of 10 working fathers in a survey revealed that they would be happy to stay at home and look after their baby, while almost nine out of 10 felt as confident as their partner—hopefully their wife, in many cases—about caring for children. In families where women work, fathers now carry out one third of the parental care. "Househusband" is no longer a demeaning term, but a real qualification for many people. In 24 per cent. of families with two parents, the father carried out most of the child care on one of the two days monitored for the time use and child care survey.

There have been changes in employment practices, too. Two in 10 new fathers made work pattern adjustments at the time of the birth, including one in 10 who reduced their working hours and 4 per cent. who took advantage of flexitime. That is a message that needs to go out to employers. Flexibility in work patterns for both parents can lead to better employees. It is in the interests of everybody to help to achieve that. British Telecom is piloting a flexible working scheme from which it is seeing benefits for its work, not just benefits in social conditions for families. So there is a mutual interest.

According to Lisa Harker of Children Now, British fathers have yet to match the level of family involvement of the Aka pygmies, a hunter-gatherer tribe from northern Congo in central Africa. Those fathers are branded the best dads in the world by Fathers Direct. Aka pygmy fathers spend 47 per cent. of their time in close contact with their infants, even letting them suck their nipples. So in this country, we still have a long way to go.

However, cultural changes and developments in Britain in the last half century have produced a generation of fathers who are more eager than ever to play a central role in the daily lives of their children. The Government should be conscious not to put any unnecessary obstacles in the way of fathers who want to engage with their children. Too often, the stereotyping in many Government publications—good publications on Sure Start and the child care work force, for example—still concentrates on women and their role. Not enough is being done to promote the role of fathers.

We also know that there is a distinct lack of men in the child care work force. I do not see enough being done about that problem. My hon. Friend the Member for Preseli Pembrokeshire and the hon. Member for Ceredigion (Mark Williams) both mentioned it, particularly in the context of teaching. When I go round

[Tim Loughton]

primary schools, it is rare to see a male teacher—and if I do, it is usually the head. I was at a primary school in my constituency last week and I was absolutely gobsmacked to see a male classroom assistant. He was the first one I have ever seen, and he was doing a fantastic job.

Despite everything that the Government do, I still have concerns. They do many good things, such as promoting the child care work force, extended schools and the greater roles that professionals play—but we must not forget parents. The people who know best about bringing up children are, in 99.9 per cent. of cases, the parents of those children. Please let us not create a professional work force that looks to usurp the role of parents, but create one that complements and works with both parents, wherever possible, so that love, affection and attachment to the child are present in the home 24 hours a day.

We know of the problems when fathers are not properly involved. Children without fathers are more likely to live in poverty and deprivation. My hon. Friend the Member for South-West Bedfordshire (Andrew Selous) said that 45 per cent. of children in poverty were in single parent households. Such children have more trouble in school. Forty nine per cent. of prisoners have been excluded from school. Non-father families have a higher risk of health problems, and children in them are at greater risk of suffering physical, emotional and sexual abuse. They are more likely to run away from home, more likely to experience sexual health problems and more likely to become teenage parents. As my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes) rightly pointed out, they are also more likely to offend. Of those convicted of an offence by the age of 32, some 59 per cent. are the sons of a convicted parent.

Mr. Gerald Howarth: Does my hon. Friend accept that there is a consequence of this issue? Apart from the personal anguish that it causes, there is a cost to the nation—

Mr. Jimmy Hood (in the Chair): Order. Can we make interventions short, please?

Mr. Howarth: I was planning to make my intervention short, Mr. Hood.

Mr. Jimmy Hood (in the Chair): I want them to be shorter than that.

Tim Loughton: I think that my hon. Friend was going to talk about the cost of the break-up of those families. It is not just a personal cost, but a financial cost, because the state must step in.

Mr. Howarth: I just wanted to remind my hon. Friend that I produced a report five years ago that pointed out that the cost of family breakdown in this country is £30,000 million—one third of what we spend on education.

Mr. Jimmy Hood (in the Chair): Order. I ask the hon. Member for East Worthing and Shoreham (Tim Loughton) to wind up now, to allow the Minister time to respond to the debate.

Tim Loughton: I certainly will, Mr. Hood. My hon. Friend's report was very fine.

The Government face big challenges, such as the imbalances in maternity and paternity leave and in the work force. Women and girls are invariably the targets for family and children's services. Men need to be included much more. The housing and benefits system so neglects the needs of non-resident parents that many children spend at least part of their week in abject poverty and poor accommodation with fathers whose parental responsibilities are invisible to the welfare system. There is over-reliance on training women, as opposed to men, in child care and we need to promote the merits of good fatherhood, rather than putting barriers up to it. We have heard many good solutions, and I hope that the Government will take them on board.

12.19 pm

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): I begin by congratulating the hon. Member for Kettering (Mr. Hollobone) on securing the debate. It has clearly evoked a lot of interest—particularly, I must admit, in his party. None the less it is a subject that matters to people from all parties, whether they are here today or not. I know from my postbag that it matters a great deal in any constituency. In dealing with their constituency case loads, all Member will recognise the issues and concerns that have been raised today by Opposition Members.

I concur with the point, which was the point of the entire debate, that the contribution of fathers to bringing up their children matters a great deal. There will be no disagreement in any part of the House, or in this Chamber, about that. I had not realised that there were quite so many nappies in Kettering, but one learns something every day. I am sure that the hon. Gentleman's interest in this matter comes not only from his own recent fatherhood, which is bound to make one think about such issues very deeply, but from the fact that he has organisations that deal with nappies in his constituency. It is important to tie in the bringing up of children with good environmentally friendly policies—a double whammy—and I am sure that he will learn a lot from the local organisations to which he referred.

The hon. Gentleman made a number of points, which I shall take some time to deal with. Despite the protection that you offered me, Mr. Hood, I do not have enough time left to deal with all the points. If I miss out points that Opposition Members specifically wanted answers to, I will contact them by correspondence after the debate.

A number of themes came through. We can agree about the importance of fatherhood in bringing up children, and we all agree that fathers should be as involved in bringing up their children as mothers are. That is not a controversial thing to say; we know that many fathers do just that. Many hon. Members know that from personal experience and have referred to it in a wide context.

We are not saying that there is a problem with men, or with men who happen to be fathers. We know that many fathers do an excellent job and have well-adjusted children and happy families as a result. As Members of Parliament we tend to come across issues and problems, so perhaps it is natural that we should concentrate on situations where things do not turn out quite so well, but that does not take away the fact that in many instances there are no problems with fathers or families.

The hon. Member for Kettering said that fatherhood was different from paternity, and I understood what he meant. He is right: we need to ensure that young men who become fathers do not see involvement in their children's life as something that they should not aspire to or something that is nothing to do with them. They should see it as part of their responsibility and part of what life is about when one has children. We must ensure that we encourage that, particularly where there are problems.

Opposition Members mentioned particular areas and factors that they felt made matters worse, and the Government can intervene to ensure that we do the best possible job in deprived areas to give children a proper chance in life. We are committed through the local Sure Start programmes to focus on deprived areas to ensure that children there have the best possible start in life. The hon. Gentleman will be aware of that because he has a Sure Start local centre in his constituency, based on the Grange school main site, which I am sure he knows very well. That local programme, which is doing very well, already has a fathers group. It is important that Sure Start does not forget fathers where it is up and running and spending significant resources to tackle issues. It should not assume that it should be dealing only with mothers. The best such programmes already realise that and are active in that regard. When I visit Sure Start local centres, I do not find that they are designed just for mothers.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) and many Opposition Members, some of whom have had experience as teachers and may perhaps been active in teaching until recently, expressed some concern about the lack of male role models. That theme came through in several speeches, and questions were asked about precisely what we are doing to tackle the problem. The hon. Lady said that as far as she was aware, things were getting better. That is right, and we are working with the Teacher Training Agency to try to recruit more male teachers, in primary schools in particular, to provide the role models that hon. Members have been calling for.

The agency provides support services and holds events to encourage men into teaching. I suppose that for many men an overwhelmingly female work force is quite a barrier to venturing into teaching. The issue is not just about the fact that men might not want to be teachers, it is about how welcome they feel when entering an environment overwhelmingly composed of the opposite gender. That is not easy on either side.

We are having some success. Support and advice are available for individuals when applying for training, there are events in schools to attract men to the profession, and there are wider opportunities. We can only keep trying and hoping that we will succeed. We do not consider the increasing emphasis on the professionalisation of the child care work force to be a substitute for good parenting, as the hon. Member for East Worthing and Shoreham (Tim Loughton) feared. It is an important part of our plans to improve the skills and the esteem of the child care work force, so that it will prove more attractive to men, and I hope that that will have a real impact.

Several Opposition Members, including the hon. Members for Kettering and for East Worthing and Shoreham, referred to Fathers Direct. In the Department for Education and Skills we work directly with that organisation. It has a great deal of contact with us, and we involve it in our work. In particular, there was ministerial attendance at its conference in April—although that was before my time in this job. I was interested to hear about the fatherhood quality mark, and I shall have to look into it, because I do not know much about it. I quite like the idea that it can offer something positive. Further, the organisation's chief executive, Duncan Fisher, is on one of our ad hoc groups, advising us on parental support and the development of our strategy for supporting parents.

We see the importance of involving the organisations set up to represent fathers and fatherhood, and we do not try to put them to one side simply because some groups of fathers, to which the hon. Member for East Worthing and Shoreham referred, have undertaken high-profile stunts. It is regrettable that the more positive examples of activism are ignored.

Mr. Gerald Howarth: Before the Minister finishes, will she respond to some of the calls from the Opposition for the Government to do much more to promote marriage?

Maria Eagle: The Government have acknowledged, and continue to acknowledge, that in terms of stability and good outcomes, marriage is one of the structures in which children can best be brought up. However, we do not purport to tell people how they should live their lives, and we have to deal with family structures as they are. I hope that the hon. Gentleman understands that we shall not promote one type of family structure as opposed to another. We must deal with people and families as we find them, and we must try to ensure that whatever structure children are brought up in, they have the best possible chance in life. In 97 per cent. of cohabiting couples, the father registers the birth of the child with the mother. We should not be prescriptive about precisely what the best structure is.

Mr. Howarth: That is not what you said in your document.

Maria Eagle: We acknowledge, and always have acknowledged, that for bringing up and supporting happy and well-balanced children, the institution of marriage clearly works—

Mr. Jimmy Hood (in the Chair): Order. It is time for the next debate.

Iraq (Debt)

12.30 pm

Harry Cohen (Leyton and Wanstead) (Lab): I thank Mr. Speaker for granting me this Adjournment debate on the Paris club arrangements for Iraq's debt. It is a good time for the debate, with the G8 leaders meeting this week, although they will focus on Africa. I support the Government's aid, trade and debt relief programme to make poverty history on that continent, but the United Kingdom and, of course, the United States of America have an even more direct responsibility in Iraq. The sanctions and the war and its aftermath have deeply impoverished that country, and it is still on the way down.

Several of the G8 countries were keen to ply Saddam Hussein with loans to fund his military machine to fight Islamicists in Iran. Until the invasion of Kuwait, they did not mind the weapons being turned on his own people. The UK gave loans for arms sales and, despite all the subsequent events—despite Saddam Hussein being vanquished—has not given up on retrieving that money. Many other states and private creditors who funded him have hung around as vultures in the same way.

I express concern that the G8 leaders will not get to grips with Iraq's economic and debt crisis and will take the opportunity to shirk their responsibilities under the cloak of the Africa agenda. They may also pretend that the Paris club decision of last November has set the framework to meet those responsibilities and put Iraq on a sound footing. It has done no such thing. The headline figure was 80 per cent. debt relief, but that disguised much. First, the debt is hugely overblown by interest and arrears. Secondly, it takes no account of the massive ongoing reparation payments required by the United Nations Compensation Commission. Thirdly, there is debt owed to non-Paris club nations, which show no willingness to write it off. The same is the case with private creditors, to whom a large amount is owed. Put simply, the 80 per cent. does not cover the full $130 billion of Saddam-era debt. Furthermore, the Paris club relief, which will take place only in phases—over which time more interest will accrue—is highly conditional. After all that, Iraq would still be left with a debt and liabilities burden that would take half a century to pay off.

Set against the priority of paying off Saddam's debts is Iraq's enormous social crisis. We are talking about the doubling of child malnutrition and the deterioration of health and education provision and, indeed, of the country's vital infrastructure. The debt hampers—that is too kind a word—any Iraqi Administration's ability to tackle those problems. That adds fuel to the poor security situation and leaves a burning resentment among Iraqis who are ill-treated and robbed of their resources.

My hon. Friend the Minister will gather that I do not consider the Paris club deal agreed by his predecessor to be anything to proclaim. The morning after the debt package was announced, Saad Salih Jabr, the chairman of the Iraqi National Assembly's economic committee said in the Assembly:

"You heard yesterday's news. The world's media is marketing this as the deal of a lifetime. It is not. This is yet another crime committed against the Iraqi people."

He was taking into account the factors that I have mentioned. The Foreign Minister, Hoshyar Zebari, said the reduction should have been higher

"because the Iraqi people are not responsible for the aggressive policies and misuse of funds of the former regime."

Jubilee Iraq, which has campaigned on the issue and to which I pay tribute, stated that the Paris club's offer

"is inadequate on economic grounds alone. Assuming all other creditors agree to the 80 percent, which is far from certain, Iraq would still be shackled with over $25 billion of debt, on top of more than $31 billion in war reparations and new loans from the IMF, World Bank, and others. This compares with Iraq's meagre health budget this year of only $947 million and education budget of $544 million."

The IMF is imposing conditions that are draconian and bullying, and it is neglecting the social consequences. The conditions include privatisation and foreign ownership, the end of food rations and fuel subsidies, and restrictions on salaries and pensions. What a time to do that, when unemployment is so high, malnutrition rising, fuel shortages considerable and many Iraqi families increasingly vulnerable.

But the policy is even worse than that. It takes control over the economic situation away from any democratically elected Iraqi leadership. The *Financial Times* stated:

"Now from the very first day that the new Iraqi parliament sits it will find virtually every important economic decision predetermined by the coterie of rich countries that runs the IMF."

Naomi Klein, the author of "No Logo", stated in *The Big Issue* in December last year:

"We don't know what Iraq should look like—that's up to the Iraqi people—but we do know what the preconditions for genuine democracy are: being free of the debt of your dictator and your occupier, being free of laws written by your occupier, being in control over your oil money and resources, and not being run by foreign corporations."

The Paris club has spurned that consideration.

The IMF is due to announce its stand-by agreement for Iraq soon. The agreement is required by the Paris club as a condition for debt relief. It should give details of the economic structural adjustment policies that are required. Can the Minister tell us what it contains and indicate the UK Government's position? For example, did they support the wholesale privatisation package?

The reparations bill, which was not taken into account by the Paris club, is gross. About two thirds of the claims have been settled at $46 billion, of which $19 billion has been paid from the oil for food fund. Five per cent. of Iraq's oil revenue is still used for reparations, even after the end of the oil for food programme. There was the irony of the UN calling for $259 million to meet a shortfall in humanitarian relief while its compensation commission simultaneously announced that it would take a further $600 million from Iraq this year.

Since the fall of Saddam, Iraq has paid more than $2 billion of reparations, much more than it has been able to spend on health care. Not reported in this country was the two-week fast outside the meeting of the United Nations Competitions Commission in Geneva recently to demand an end to unjust payments. One of the fasters, an Irishwoman named Caomihe Butterly, stated:

"We travelled to Geneva to fast, to go without food for 16 days, in the hopes that our small sacrifice would in some manner awaken the conscience of the international community to the economic

warfare being waged against the Iraqi people . . . The Iraqi people had no choice when Saddam Hussein's regime invaded Kuwait. He was wrong to do so. It is equally wrong to continue to punish the Iraqi people for the crimes of Saddam Hussein."

I pay tribute to those protestors.

Then there is the odiousness of the debt, which consists of the personal debts of a particular regime, in this case Saddam's. There is legal precedent for debts to be classified in that way. They were contracted without the consent of the people, and the money was not spent in their interests. There was enough criticism of the regime over the years to ensure that all the creditors were well aware of what was being done with the loans that they provided. They bankrolled the regime's bullets, but now refuse to accept the consequences regarding the nature of the debt. Applying the odious debt law would send a clear message to those who would loan to dictators. George Soros has said that

"it would send a signal to the financial markets that it's dangerous to deal with oppressive regimes".

The law should apply.

The Minister should not pray in aid the 2003 Madrid conference, at which aid promises for Iraq were made, as an excuse for there not being a full debt write-off. Few of the countries that attended that conference fully honoured their promises. In fact, the US led the backsliding by diverting funds promised for reconstruction to war fighting. All sorts of conditions have been added that have effectively halted allocations.

Another quirk of the Paris club debt relief is the fact that it has been classified in Treasury accounts as overseas development aid. So, there we have it: loans for the sale of guns to the dictator Saddam Hussein end up in UK accounts as development aid. That is quirky indeed.

Let me treat the Minister to four quotes from Americans whom I would not normally quote. The first is John Snow, the US Treasury Secretary, who said that

"the people of Iraq shouldn't be saddled with those debts incurred through the regime of the dictator".

Right-wing Republican Richard Perle said:

"If you loan to a dictatorship, don't expect to be repaid if a democracy emerges."

Paul Bremer, the former US supremo in Iraq, said that the debt is a result of

"Saddam's incompetence and aggressive wars",

and that mountains of unpayable debt contributed heavily to the instability that paved Hitler's path to power.

Finally, a US commanding General observed that last autumn there were up to 160 attacks a week in Sadr City, which is on the outskirts of Baghdad, but that in early 2005, the number levelled at less than five to zero a week. His point was that the key factor in that change was not winning battles, but cleaning the place up and restoring electricity, sewerage and water. They fought, but when they started delivering services that Iraqis in Sadr City had never had, the terrorist recruiting of 15 and 16-year-olds came up empty. The debt impedes the real way to achieve security.

I have one final quote from a source whom I cannot disclose. In his e-mail to me from Iraq, he said:

"Last week . . . in Baghdad . . . I met a drunken American gentleman at a party who told me his sole job at the moment was to persuade the Iraqis to cut $1 billion of subsidies. He told me, 'If they don't do what I want, The Paris Club will delay debt relief.'"

That is an example of the IMF drunk with the power facilitated by the Paris club nations.

The debt and reparations still to be paid after the Paris club decision are not acceptable because they plunge the Iraqi people into poverty and hardship, because of their effect on Iraqi democracy and freedom, and because they do not give the post-Saddam Administration a clean slate and a clean start. The Minister, the G8 leaders, Paris club members and all creditor nations need to reconsider the Paris club formula. It simply is not good enough by a long way. There needs to be a 100 per cent. write-off of all of Saddam's debt. There should be no more reparations—indeed, there should be a UN resolution, pronto, to ensure that that is the case. There should be no more damaging conditionality of the sort that the IMF wants to impose, and there should be proper funding for reconstruction that involves, benefits and employs Iraqis. I say to the Minister, the Government and the G8 leaders, think again.

12.44 pm

The Financial Secretary to the Treasury (John Healey): I congratulate my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) on securing the debate and on taking us through his objections to the arrangements that have recently been put in place or that are in prospect to help Iraq to rebuild its economy and improve its economic position. He did so in the way that we have come to recognise and expect from him: he was very direct, forceful and clear in his criticisms of the approach taken by the international community and—by direct and indirect implication—of the role played by the United Kingdom Government. I shall try to respond to some of his specific points, not least because some of his assertions are not entirely correct. Then, I shall respond in more general terms and fill him in on the details of the present position and the prospects as I see them.

The Government accept that we have a special responsibility to Iraq, as my hon. Friend argued from the start. In part, that is a product of our historical relationship with that country; in part, it is in recognition of the special circumstances of Iraq's economy at present. My hon. Friend completely dismisses the value of the Paris club agreement, with the 80 per cent. debt write-off at its heart, but that view is not shared by elected representatives in Iraq. That is particularly true of the new Minister of Finance, who has been to the Treasury in the past month to meet my right hon. Friend the Chief Secretary to the Treasury. In that discussion, Mr. Ali Alawi made it clear that he and the Iraqi Government appreciate the UK's help in putting the Iraqi economy on a sensible footing and the work that we have done on the Paris club agreement. They also recognise that the aid that the UK is putting directly into Iraq is being put to good use. On our part, we welcome our close, continuing dialogue with the Iraqi Government. As my right hon. Friend made clear, we are ready to consider further requests from the Iraqi Government as part of our contribution to their country's reconstruction and economic rehabilitation.

I promised to pick up several of my hon. Friend's points that I felt were not strictly correct. First, no UK export credit guarantees were granted for weapons—there were no credit guarantees for the sale of guns, as

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he put it. Some guarantees were related to defence expenditure, but not to the purpose that he suggested. Secondly, as a result of the Paris club deal, debt is set to be restructured over 23 years, not 50, and no payments at all will fall due until 2008. Thirdly, as I am sure my hon. Friend appreciates although it did not come through clearly in his remarks, the International Monetary Fund programme to which he referred critically was negotiated with Iraq, not imposed on it. The stand-by agreement, to which he also referred, is in the process of being negotiated. Like other Governments, we must await the outcome of the IMF's negotiations with Iraq to see the SBA's precise content. My hon. Friend raised a couple of points about that, but, in all honesty, I would expect certain conditions and a reduction in fuel subsidies to be part of the stand-by agreement once it is settled with Iraq, for the simple reason that a system of subsidies such as the one for fuel in Iraq creates strong economic incentives for smuggling and corruption. I think that he, like me, would want that to be stamped out.

Harry Cohen: As I understand the point about fuel subsidies, it is the timing that is crucial, because there are extensive fuel subsidies at present and the Iraqi economy cannot get going. However, I want to draw the Minister out on the conditionality in respect of privatisation. Are the Government in favour of the IMF conditionality as part of the Paris club deal that there must be wholesale privatisation of the Iraqi economy?

John Healey: My hon. Friend is slightly overstating his argument, which, as I am sure he would accept, he is occasionally prone to do. Some stand-by agreements include an element of privatisation, but we do not yet know whether that will be an element of the SBA that is negotiated with Iraq through the IMF. We will simply have to wait and see.

My hon. Friend referred to odious debt law, but there is no such thing as established and accepted odious debt legislation. Were we to pursue the odious debt route, rather than doing what we have tried to do with the Iraqi Government—which has been to take a pragmatic, practical approach to quickly securing the debt relief and aid that the country needs—we would be likely to provoke a series of legal challenges that would tie up efforts to help Iraq for a decade or more.

My hon. Friend made a passing, welcome, reference to his strong support for the debt relief and aid programmes that the Government have put in place for Africa. He and I share a sense of pride that the Government have led the international efforts to put in place a comprehensive programme of significant levels of aid and debt relief for the poorest countries, including the recent fresh agreement among G8 finance Ministers.

Iraq is not considered to be one of the world's poorest countries. Nevertheless, as my hon. Friend pointed out, it faces immense social and economic challenges and hardships. Although Iraq's first democratic elections were an historic occasion, with 58 per cent. turnout and almost 8.5 million people voting, the upsurge of violence since the formation of the new Iraqi Government only adds to the challenges. Not only does Iraq face the challenge of establishing a truly inclusive political process, drafting a constitution that reflects its diversity and building security, but it faces a significant reconstruction challenge. Iraq has one of the largest estimated petroleum reserves in the world, but years of economic mismanagement, international sanctions and the recent conflict have hit economic activity hard. My hon. Friend vividly described the impact on Iraq's people. Social development that was once well ahead of the regional average has now well fallen behind to be one of the lowest.

Neither my hon. Friend nor the Government underestimate the challenges that Iraq faces in rebuilding the economy or the challenge that we face in trying to assist. Under Saddam Hussein, mismanagement and embezzlement of Iraq's resources was rife. The oil sector was starved of investment and the regime built up huge debts. Infrastructure, public services and industry were left in a poor state, unemployment was high and 60 per cent. of the population were dependent on food rations. Overall, GDP per capita is estimated to have fallen from more than $3,000 in the early 1980s to about $500 by 2003. It was then, through analysis by the IMF and World Bank, that Iraq's external debt—approximately $120 billion at that time—was judged to be unsustainable. The UK Government have therefore worked hard with the Americans and others to devise what we regard as a fair and sustainable solution to Iraq's debt problems.

We have also been at the forefront of international efforts to rebuild Iraq's economic institutions. In passing, I pay tribute to a number of officials from the Treasury and from HM Revenue and Customs who served for periods in Iraq to help with that rebuilding effort, in some cases putting themselves in danger in the process. Specific economic achievements have included some recovery in oil production, the stabilisation of inflation and the exchange rate, a financial management law, a new currency and an IMF emergency post-conflict assistance package of $436 million. However, by far the most important achievement with the most significant long-term gain was the negotiation of a debt relief deal with the new Iraqi Government. That is the view of the Iraqi Government, albeit not that of my hon. Friend.

The Paris club deal in November 2004 was an agreement to give to Iraq 80 per cent. debt relief, to be delivered in three tranches, linked to Iraq's economic reform. The first 30 per cent. tranche of relief was delivered on 31 December 2004. More than £340 million of Iraq's debt to the UK has already been written off. Part of the Paris club agreement was a moratorium on debt repayments until 2008, and part was a rescheduling of debt over 23 years. The latest reports from Iraq indicate that good progress is being made with other creditors, and even though a number of technical issues have to be resolved we feel that the risk of Iraq's not achieving comparable treatment with its other creditors, which was one of the conditions of the deal, is low.

Once the agreement is fully implemented, Iraq is expected to receive almost $100 billion of debt relief. The US and a few other creditors have offered to give 100 per cent. debt relief; we welcome that generosity, but we have taken a different view. The UK intends to focus its resources on maximising the immediate benefits to the Iraqi people through aid, and we have pledged $544 million in direct aid over three years to March 2006. That money is being put to good use now,

as the Iraqi Finance Minister made clear to my right hon. Friend the Chief Secretary when they met last month. It is being used to rebuild facilities and to set up new infrastructure and new institutions, particularly in southern Iraq, as well as to provide support to key ministries of the new Government. If the UK offered 100 per cent. bilateral debt relief, some of that aid money would have to be diverted, Iraq would not feel the benefit of further debt relief until 2008 because of the moratorium on payments, and the benefits would be spread over 23 years, rather than concentrated now, when the need is greatest. However, as I said to my hon. Friend, we have an historical relationship with Iraq and therefore stand ready to consider any request for aid or debt relief that the Iraqi Government might make of us.

Despite the difficulties, there is real hope of progress and hope for the future of Iraq. It is not merely a country beset by severe economic difficulties but one with the prospect of and potential for a sound economic future. However, my hon. Friend will recognise that the deep damage done by decades of a repressive regime cannot be rectified in one, two or three years. It will take time to build Iraqi institutions and to improve infrastructure, and for the private sector to flourish. We hope that by 2008, Iraq will be in a position not only to start repaying the remaining debt, but to become the major economy in the region that it once was.

My hon. Friend said that the Paris club debt relief deal was not acceptable to the Iraqi people, but it is acceptable—

Mr. Jimmy Hood (in the Chair): Order. Time is up.

Digital Switchover

1 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I am pleased to have secured the debate. I have come to the Chamber hot foot from the Committee that is considering the Identity Cards Bill and understand that we are to have the benefit of your chairmanship there, Mr. Hood, so your chairmanship of our debates this afternoon in Westminster Hall is an unexpected pleasure.

I congratulate the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Stalybridge and Hyde (James Purnell) on his recent promotion. I also make it clear to the House that I approach the subject of digital switchover without the benefit, or possibly the hindrance, of any particular technical expertise.

The switchover to digital television is a multilayered subject that brings with it a whole range of technical and regulatory issues, only some of which I intend to touch on today. The Northern Isles, as elsewhere in the United Kingdom, are looking forward to the switchover to digital. Like others, we see it as progress. In recent years, however, because of our geographical remoteness from London, we have been left behind in several other areas of technical progress, particularly in the roll-out of broadband. If the Minister can give us nothing else today, I hope that he will be able to assure us that we will not be left at the coo's tail simply because we are geographically few and far away from London.

As I said, digital switchover is an enormous subject with many angles, but I shall focus today on two important issues: the impact of coverage on my constituents, and help for vulnerable groups.

In 1999, the Government set a target of 99.5 per cent. of homes being able to receive digital terrestrial reception. At the start of June, however, Ofcom announced that 98.5 per cent. of households should be covered by the digital transmitter networks. So there has been some slippage even in that short period. That slippage causes the Scottish highlands and islands communities, and indeed other peripheral parts of the UK, particular concern. A recent piece in *The Guardian* explained that the coverage had been

"a disappointment to those in the Welsh Valleys and Scottish Highlands who hoped the conversion to digital between 2008 and 2012 would mean an end to fuzzy analogue television pictures".

In the same article, Allan Williams of *Which?* magazine said that the decision means that

"some homes may lose TV reception when digital switchover takes place."

He went on to point out that

"Ofcom must make sure that alternative means of reception are in place so no one loses out".

I hope that the Government agree and are already working on such alternatives. Subscribers in many parts of my constituency would dream of having the fuzzy analogue television pictures mentioned in *The Guardian* article, and we would be concerned if even that provision were to be lost.

[Mr. Alistair Carmichael]

The Minister will be aware that the independent Consumer Expert Group has called for at least 99.5 per cent. of the population in each region, and not just in the UK as a whole, to be able to receive digital at the point of switchover. Will he make clear the Government's position on that proposal? Does he accept that such a small shift in target would give a great deal of comfort and reassurance to people in the highlands and islands?

Communities in my constituency are split into three categories of television reception. First, most people in the main towns and villages have reasonably good analogue reception and have the option of converting to digital by purchasing a freeview set-top box. Secondly, some people can receive analogue reception, but cannot use freeview through the digibox. That is true of many households in many parts of communities such as Yell, Brae and Unst in Shetland, and for some people living in parts of Hoy, Orphir, Longhope, Westray and Evie in Orkney. Finally, there are some communities, in Graemsay in Orkney and Ollaberry in Shetland, in particular, who have no analogue reception at present. They rely on satellites to access the main terrestrial channels. Digital switchover will affect each of those groups differently.

The first group will experience the process pretty much as will most people in the rest of the country, and my main concern in those communities is for the vulnerable groups. The second group, who have analogue reception at present but no set-top box option, causes me some concern. I am concerned about the incentives to prepare for switchover. Given the 98.5 per cent. target, it is highly likely that after switchover some people in my constituency who cannot at present obtain television reception using aerials will be able to do so. Additionally, some people who can use aerials at present to access the main channels will not be able to do so after switchover. I fear that the second group may be larger than the first and that freeview set-top boxes, if I can call them that, will not work in large parts of Orkney and Shetland.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Does the hon. Gentleman share my concern for a constituency that is covered by the ITV Border region, which, as I understand it, would be the first to switch over in the region? There is a low level of public awareness about the switchover and about what individuals will have to do to continue to have television reception after it happens.

Mr. Carmichael: I am grateful for that intervention. Yes, I think that Border Television, the company that gave us "Mr and Mrs", is a broadcasting institution that deserves every protection. As to the hon. Gentleman's point about the level of awareness, we should be on a rising curve. If the Government can, by way of public information, put us on that rising curve, we should have no problem in the end. However, we are not there yet. The hon. Gentleman's concerns are legitimate, and he has done us a service in putting down a marker for the future.

The Minister may be aware that his predecessor, the Minister for Sport and Tourism answered a debate on digital switchover on 15 March. His only answer to some of the concerns that I have set out about constituents' predicament post-switchover was that there

"are issues that have to be worked through".—[*Official Report, Westminster Hall*, 15 March 2005; Vol. 432, c. 55WH.]

I hope that, four months down the line, some of that work has been done. I should be interested to know where we stand on them today.

When will we be in a position to know who will be able to use digital terrestrial after switchover? Will we simply have to wait for switchover to happen before we know whether or not it is worth while buying a digital box? What will the Government do to assist the 1.5 per cent. of the population who will apparently not be able to access digital terrestrial? Colette Bowe, who chaired the Ofcom consumer panel that considered what measures might be necessary to protect vulnerable groups said last November:

"As a society we ought to damn well make sure that people who currently have access to television continue to have access to it. And if that means that the Treasury ... have to open their pockets, well, so be it. Because that is the way it's got to be."

With slightly more temperate language, I could not have put it better myself. Will the Government ensure that people unable to receive digital terrestrial are given the necessary financial support to receive freesat?

Those in my constituency who have no analogue TV reception were not able to watch ITV or Channels 4 and 5 for part of 2003 after Solus cards, the predecessor scheme, became obsolete. Previously, the BBC had offered services "in the clear" on satellite, but thereafter removed their funding for Solus cards.

If my recollection is right, an Adjournment debate on 21 October 2003, which I attended, was initiated by my hon. Friend the Member for Argyll and Bute (Mr. Reid). In reply, the Minister for Sport and Tourism was able to announce that ITV, Channel 4 and Channel 5 had come forward with a replacement card. Those cards cost £20 plus VAT, and he assured the House that they would

"last until Sky does another card swap-out, and for at least two years if the next swap-out is sooner than that."—[*Official Report, Westminster Hall*, 21 October 2003; Vol. 411, c. 252WH.]

So far as we can ascertain, the provision continues to be valued by my constituents, but does the Minister have any information on a longer-term solution? Are ITV and others working towards operating "in the clear" on satellite so that people who do not subscribe to Sky can receive the main terrestrial channels? Once digital switchover happens, will the 1.5 per cent. of the population who are unable to get digital terrestrial be treated fairly?

In the time that remains, I want to speak about helping vulnerable groups. Last week, the Minister announced a targeted assistance trial; I believe that it will be run in Bolton. I understand that it will consider the best way to assist vulnerable groups. Will that be the full extent of the trial, or will it be the first of many?

The Minister will be aware that the issues affecting people in Bolton are not necessarily those that affect people in more rural or island communities. Does he accept that there will be a benefit in running further trials to deal with the problems of people living in communities that are less urban than those currently being trialled? Of course, many of the issues would be

the same, but I suggest that there will be particular difficulties helping the old or house-bound in places such as the Northern Isles.

The Minister will be aware that take-up of digital among the over-75s is especially low. Only 16 per cent. of households in that category had digital in 2003. When will the Government be in a position to outline what support will be provided to the elderly, disabled and those on low incomes? I am keen to allow the Minister as long as possible to respond to a number of my questions.

I finish with a query that relates more to radio than television. I have received a number of letters from constituents who feel frustrated that they receive repeated adverts promoting digital radio services to which they cannot gain access. In the longer term, do the Government hope to switch over radio services in the same way as television? Does the Minister think it acceptable that, although we pay the same licence fee to TV Licensing, we are effectively barred from some of the services provided by the BBC, which is supposedly a public service broadcaster?

1.13 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on securing this debate. He has been a long-term campaigner on the subject and I thank him for his co-operation in advance of the debate. I shall try to answer as many of the points that he raised as possible.

Access to digital broadcasts is probably one of the most dominant issues in my postbag. The Department receives hundreds of letters every month from members of the public who want freeview and digital terrestrial television but cannot yet receive it. The only answer that we can give them is that they will have to wait until digital switchover. That, in a nutshell, is why the switchover programme is so important; it extends choice and, as the hon. Gentleman says, it will ensure that as many people as possible have access to digital TV.

Digital TV has been a great success and it is already in 62 per cent. of homes. Mobile broadcasting trials are under way and the BBC recently trialled podcasting with its Beethoven experiment. Yet despite nearly two thirds of the country getting digital TV, there are still people who, as the hon. Gentleman highlighted, cannot receive a single television signal or who have to watch poor, ghostly pictures. That is a real problem for his constituents and those of some other hon. Members.

Lembit Öpik (Montgomeryshire) (LD): Does the Minister accept that the problems that my hon. Friend Member for Orkney and Shetland described also pertain to rural areas of Wales? The real difficulty is that the 1.5 per cent. of households—roughly 300,000—that have trouble with the signal tend to be grouped in rural areas, so there is a disproportionately high percentage of them in places such as Montgomeryshire and mid-Wales. I hope that he can give us an assurance that the Government are seriously seeking practical solutions to prevent as much as 20 or 30 per cent. of the population in some areas from being left out of the digital switchover.

James Purnell: That is a good point, and I am coming to it. The key issue is that, even now, some people do not have access to analogue signals, not because broadcasters or the Government are unwilling to provide them, but because the cost of reaching that last 1.5 per cent. of the population is exponentially greater than the cost of serving the rest of the population. It costs about as much to extend coverage from 92 to 96 per cent. as it does to reach 92 per cent. coverage, and it costs the same again to go up to 98.5 per cent., so that extra 2.5 per cent. coverage costs the same as 92 per cent. coverage. The last 1.5 per cent. is very difficult to reach. That is why the Government gave the guarantee that we would reach the same proportion of people after the digital switchover as we do now.

It is worth taking a little detour into the issue of the 99.5 per cent. versus the 98.5 per cent. The difference in the figures depends on how we define receiving television. The definition that the Government use is that people should be able to receive a good range of TV channels that are of good quality; that definition takes us to 98.5 per cent. coverage. The remainder can receive some signal, although it is not terribly good and would not be graded as receiving TV by the people in charge of the technical specifications. Our guarantee is therefore that we will reach 98.5 per cent. coverage.

In a world of unlimited funds, one could continue building transmitters to reach more and more people, but the question that we have to face in rolling out digital television is how best to reach people. As we go forward, we need to consider the other technologies that are available. As the hon. Gentleman said, satellite is important, and take-up is higher in areas where people currently have less good analogue reception. Work is also being done on technologies for delivering television over electricity lines, and there is a technology called WiMAX, which is a wireless form of access to television. There is the potential to serve people more efficiently; what we need to do is balance the desirability of universal coverage against the practicability of providing it.

If digital terrestrial will not reach everybody, that highlights the important points that the hon. Member for Orkney and Shetland made about the practicability of satellite and other options. Let me therefore turn to the issues that he raised, particularly digital satellite.

Mr. Carmichael: Before the Minister moves on from the coverage target, will he make clear his position on meeting regional, rather than UK-wide targets?

James Purnell: I will have to write to the hon. Gentleman about that. We currently have national targets and we will investigate whether it is practicable to have regional targets, but I cannot give him a guarantee at the moment.

As the hon. Gentleman knows, digital satellite is no longer just a pay option. People can now receive the public service channels through satellite in a kind of freesat option offered by Sky. There was real concern when Solus cards stopped being an option, but people can now purchase the kit to provide, in effect, a free satellite option. The hon. Gentleman asked how long such an option could be guaranteed. At present, it is guaranteed for a minimum of two years. Therefore, there is now a reasonable option to get public service channels through satellite, and, post-switchover, that may be the best way for some of his constituents to access those services.

[James Purnell]

The hon. Gentleman wanted to know what progress ITV, for example, is making on providing services in the clear. I understand that ITV has a problem with rights, in that it has rights to broadcast a proportion of its programmes only in the UK. If it were to broadcast on satellite, those programmes would be available outside the UK, and it would either have to take them off or increase the amount that it spends on programmes. We are happy that the BBC has agreed to go in the clear, as that solves part of the problem. I understand that the difference between the BBC and ITV is that the BBC has a much smaller proportion of programmes that are affected by rights, and it gets around the problem by not showing such programmes on satellite. For ITV, at about two hours of programming a week, the problem is more significant. We would encourage any solution, but the best option at present is for people to pursue the freesat option. With a cost that is comparable with the digital terrestrial option and with the two-year guarantee, that option is attractive to a significant number of people.

There are alternatives for people who cannot get digital terrestrial television, but we take seriously the hon. Gentleman's argument that more must be done. Ofcom is working with the broadcasters on specific technological solutions to increase coverage in certain areas. In fact, there are already many ad hoc arrangements—for example, a village got together to buy an aerial to boost the signal. As we go through the digital switchover, we will need to work through what can be done in particular cases, but, as I am sure the hon. Gentleman understands that technical exercise must be led by people who understand the technology rather than by politicians. People will not have only one option available to them. As I said, other solutions are coming through, such as new DSL technologies, including the new ADSL2, and experiments with broadband internet carried through the electricity lines. There will be a patchwork of provision.

I cannot give the hon. Gentleman a guarantee for every household in his constituency, and I am aware that there will be frustration for each constituent who is not able to receive digital TV. However, I am confident that the vast majority—more than at present—will be able to do so. We will provide information in good time on whether people will be able to receive digital pictures. That information will include detailed postcode information, and I hope that there will be some technological means by which people can check before they buy a set-top box whether it would be a good investment. As I said, almost all the hon. Gentleman's constituents will be able to watch BBC and ITV digital programmes in one way or another. The figure may well be more than 98.5 per cent.. Although we cannot give a guarantee for every household, I hope that I have given him some comfort.

Jo Swinson (East Dunbartonshire) (LD): Will the Minister comment on the timetable of the digital switchover? It is of particular importance for Scotland, as the borders area is due to be switched over in 2008 and the rest of Scotland in 2009. In particular, will he discuss what steps he will take regarding affordability—for example, for those households that currently receive analogue but may not have upgraded to digital in three or four years' time?

James Purnell: Those are good points. I shall deal with them later in my speech, if I may.

A final point on analogue signals is that we will have to consider aerials, as the hon. Member for Orkney and Shetland said. That is important, but we believe that only about 5 per cent. of people need to upgrade their aerial to receive the DTT signal. However, to achieve that we must complete the digital switchover. It is the only way to increase the coverage of DTT. Until we switch off the analogue signals we cannot increase the power of digital signals. We made a firm manifesto commitment that that will happen between 2008 and 2012. The Government are committed to it, and broadcasters and transmission operators are working with manufacturers and retailers. We can give a clear guarantee that it will happen between 2008 and 2012.

In response to the point made by the hon. Member for East Dunbartonshire (Jo Swinson), we shall make an announcement about the timetable shortly. We had, however, given a commitment to let people know what our package for the vulnerable would be. We want to make both commitments clear at the same time, so that is why we are not confirming the timetable right now. We must be able to confirm both commitments in tandem.

The hon. Member for Orkney and Shetland asked whether the trials would include the consideration of rural areas. I can reassure him that they will. The trial already undertaken in Ferryside and Llansteffan took place in an area that had many of the features that he described. Bolton has some rural areas and there are some outlying farms, but we shall continue in the wards that we are considering. We have already undertaken a trial in Wales. I know that conditions are not exactly the same as in his constituency, but there was a genuine parallel and we shall continue to consider the points that emerged as the trials progress.

One encouraging feature of the trial was that once people had experienced digital TV, they were overwhelmingly supportive of it. About 99 per cent. of people voted to keep digital TV, which shows that whatever people's concerns about it, once they experience the extra channels and, for example, the advantage of being able to watch extra tennis matches on the BBC by pressing the red button, they value the services. However, we must continue to communicate the benefits of switchover, and we are working with a new organisation, Switchco, which was created by broadcasters and the supply chain to lead the implementation of switchover, to ensure that everyone gets all the information they need.

Although the vast majority of viewers need only a source of good information to help them through switchover, some people will need more than information, which is the point that the hon. Member for Orkney and Shetland was making about vulnerable people. Although take-up is about 60 per cent. among the population as a whole, it is only slightly more than 30 per cent. among the over-75s. The elderly may need help to understand what they have to do when they receive a set-top box to install their boxes, to check their

aerials, or to use their new equipment, and we acknowledge that a few people might also need financial assistance. As we said in the Green Paper on the future of the BBC, we shall require the BBC to establish and fund schemes for the most vulnerable consumers.

Some people might presume that the vast majority of elderly people need assistance with the technology, but in Ferryside such a presumption turned out to be wrong. It is easy to overestimate the difficulty that older people have using technology. We found that about 20 per cent. of the pilot group needed help and that most of them were able to deal with the issues by using a telephone helpline. In Bolton we are trialling not just the provision of information over the phone, but visits in person. We are considering the most appropriate way to help, whether it is through social workers, charities or other organisations. As the hon. Gentleman mentioned, we shall launch a trial of targeted assistance in Bolton this autumn; we shall use that to work with about 250 to 300 households to identify any further issues on which we need to build.

I have addressed as many of the hon. Gentleman's questions as I can. We cannot give a guarantee for every single one of his constituents, but we can guarantee that we shall continue the current coverage. We believe that more people than now will be able to access the digital public service channels and we shall continue to introduce digital terrestrial services. At the same time, we shall work with the new technologies, so that the coverage achieved through a patchwork of technologies will reduce the problems that his constituents face and result in there being less concern about digital terrestrial services than there has been about analogue transmissions.

Primary Schools (Rossendale)

1.30 pm

Mr. Greg Pope (Hyndburn) (Lab): I am grateful for the opportunity to participate in this debate on the future of primary school provision in Rossendale in Lancashire. I say at the outset that I represent only a small part of the borough of Rossendale, most of which is represented effectively by my hon. Friend the Member for Rossendale and Darwen (Janet Anderson). I shall confine most of my remarks to how my constituents in Haslingden are affected by Lancashire county council's review of primary provision and, in particular, by the proposal to close St. Mary's Roman Catholic primary school in Haslingden.

Any responsible Government or education authority need to tackle surplus places. I welcome the review of primary provision in Rossendale that Lancashire county council has initiated. We need a review and I welcome the way in which the council is going about it. The review is open and transparent and, although no final decision has been made, the process is a good one. We need to congratulate county councillor Hazel Harding, the leader of the county council, on how the review is being conducted. I also support the objectives of the review. The review document says that a balance must be struck between providing school places within the immediate community and ensuring that schools are large enough to be educationally and economically viable. I support that. The document says that there should be a vision of schools operating at the centre of their immediate or extended communities. St. Mary's in Haslingden is at the heart of its community. Keeping it open dovetails with the vision outlined in that document.

Lancashire enjoys diverse provision—there are probably more faith schools in the Lancashire LEA than in any LEA in the country. I welcome that. We need to cherish and maintain that diversity. In my constituency there are not only community schools, but Roman Catholic schools, Church of England schools and even Methodist schools. I welcome that diversity. The review document says that Lancashire recognises the

"need to retain a reasonable pattern of denominational and non-denominational provision wherever possible (even if this means retaining some surplus places) in order to preserve a range of choices for parents."

Preserving that choice for parents is at the heart of what I want to say. I contend that the current proposals, which provide for the closure of St. Mary's Roman Catholic primary school in Haslingden, would deny that parental choice to Catholic parents in my constituency.

The document also refers to the Education Act 2002, which enables small schools to flourish by working in co-operation with other schools or, in some circumstances, by federating with them. It is important that the Government recognise the role that small schools have to play at the heart of communities. I just hope that the Lancashire LEA and, importantly, the Roman Catholic diocese of Salford also accept that role.

None of us would deny that there is a problem with surplus places in primary schools in Rossendale. There are currently about 6,700 primary places in Rossendale, give or take a few. Six years ago, the schools were

[Mr. Greg Pope]

broadly full, with 6,500 primary pupils and 6,700 places. It is always good to have a small surplus capacity, to provide for new build or for parents to exercise choice or to move. Now, however, there are only 5,500 primary school pupils in the same 6,700 places. The demographic trends show that, with the birth rate and planned building projects in Rossendale, the number of primary school pupils is set to fall to 5,100 by 2010. If we do not do anything, that will leave a vacancy rate of more than 20 per cent., which is unacceptable.

We know that tough decisions will have to be made, but why, in tackling surplus places, is St. Mary's Roman Catholic school in Haslingden the only faith school to be singled out for closure, with no other option open to it in the review document? If it was a failing school in special measures, all reasonable people could understand the logic. That is not the case. It is an improving school that has been turned round. Ofsted has described it as being the sixth most improved primary school in the country. I went to the school last week and can say that it is a happy, succeeding, improving school.

The school is at the heart of the community. Its history is interwoven with that of the town of Haslingden. Following the famine in Ireland in the middle of the 19th century, many Irish people sought a new life in England. They came through Liverpool and formed a diaspora in Lancashire and the north-west of England. Haslingden has a large Irish community, which came seeking food and work in the middle of the 19th century.

The community established St. Mary's church and wanted to establish a school to go with the church. It is worth bearing in mind that that period was only a generation after the Catholic emancipation Acts. There was still a large amount of anti-Catholic sentiment and anti-Irish bigotry. When people learned of the proposal to open a Catholic school, an angry mob descended on what was to become the site of the school. It was dispersed only when a lone figure fired a revolver in the air. That man was Michael Davitt, the founder of the Irish Democratic Land Federation and a renowned Irish nationalist.

The school opened a year later in the summer of 1869. There are not many schools that can claim to have been founded on a single gunshot dispersing an angry mob. We ought to cherish our history.

The review document has some figures about the school that are not entirely accurate. It says that there are 150 places. In reality, there are more like 125, because one of the classes has been converted into an information and communications technology suite. The review document refers to problems with flooding as though that were a perennial problem that would lead one to conclude that the school had no viable future. In fact, nobody can remember the last time that the school flooded. Flooding is a problem that was solved a long time ago.

The school is much loved by the community and the wider community. I have received letters from as far away as Boston, Massachusetts urging that it be kept open. I have been inundated with letters and have petitions running to hundreds, possibly thousands of signatories, urging that the much-loved school be kept open.

I have noticed that pupils do not always love their schools, but I have many letters from pupils saying that they do love the school. One letter said that many pupils are not Catholics but they still come to the school because it has kind teachers. Someone else said:

"How could you even consider closing this lovely school?"

One pupil said:

"My teacher . . . is the coolest teacher here . . . if you end up shutting down St. Mary's . . . her children . . . could end up with a horrible teacher."

That is a fair point. Two pupils wrote to say that if the school were closed, they were

"going to go on strike!"

I suspect that that referred to a day when maths was being taught.

St. Mary's really is a school that is at the heart of the community. The point that I make to my hon. Friend the Minister is that closure should not be the first or the only option for schools such as St. Mary's. There are other ways of tackling surplus places. It should be possible to reduce the number of pupils on the roll to tackle surplus places. It should be possible also to look imaginatively at co-operation with other schools.

The review document says that, if St. Mary's closes, there are sufficient places, either at St. Veronica's Roman Catholic primary school in the constituency of my hon. Friend the Member for Rossendale and Darwen or at other schools in the area. Frankly, that would deny the choice of Catholic education to many of my constituents because there are more than 70 Catholic pupils at St. Mary's but there are only 17 places available at St. Veronica's. There are places available at community schools and faith schools of different faiths but that is not the same thing.

I return to what the document says. It talks about preserving a range of choices for parents. If we are not careful, that will be denied. I cannot understand why St. Mary's is the only school earmarked for closure. All the other schools have been given other options and St. Mary's deserves that choice as well.

Who wants the school to close? The parents do not, nor do the teachers, the pupils, the governors, the local councillors, the local MP, the Catholic community in Haslingden, the wider community in Haslingden, and nor even, I suspect, does Lancashire local education authority. I suspect that the only people who have the school earmarked for closure and who have their hearts set on that are, sadly, members of the Roman Catholic diocese of Salford. I cannot imagine why they should want to close a popular school with a large playing field in a residential area with rising property prices. Those considerations have led some to speculate on their motives, which I would not dream of doing.

The school was born out of adversity in the 19th century, and has the chance to flourish in the 21st century. All that it requires is a helping hand and an imaginative reconsideration of the circumstances. That is not to deny that the problem of surplus places in Haslingden, Rossendale and across Lancashire needs to be tackled—of course it does, but I am sure that we can tackle that problem and find a future for this popular, improving and happy school. I hope that the Lancashire education authority and the diocese of Salford will

listen, through the debate, not to me but to my constituents and the community I represent, who want to keep the school open.

Janet Anderson (Rossendale and Darwen) (Lab) *rose—*

Mr. Jimmy Hood (in the Chair): Order. I do not have any information about a request from the hon. Lady to speak in the debate, and I do not have the approval of the hon. Member for Hyndburn (Mr. Pope), so she is not eligible to speak in the debate.

1.42 pm

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): I shall be more than happy to take a few interventions from my hon. Friend the Member for Rossendale and Darwen (Janet Anderson) so that she can make some points.

I congratulate my hon. Friend the Member for Hyndburn (Mr. Pope) on securing the debate and on the way in which he presented his points. He makes a powerful case in advocating some alternative solutions to an issue that he acknowledges needs to be tackled by the local school organisation. committee and local council. There is no doubt that issues arise out of the proposals made, but, as both my hon. Friends will know, the Government's role in this matter is not as active as it would have been before 1998, when Ministers made decisions about the local reorganisation of schools. We no longer have that power, and we think it right that such arrangements should be made locally and that final decisions should be taken locally, although we are committed to continuing the drive to raise education standards throughout the country.

Local authorities undoubtedly need to create a pattern of provision that supports raising the attainment of children, and to make sure that it meets the changing needs and numbers of children in any particular area. The Department's five-year strategy for children and learners, which follows on from our document, "Excellence and Enjoyment: A strategy for primary schools", sets out the extensive success story of primary education, with many schools delivering high-quality education. There have been impressive strides in literacy and numeracy in recent years, as well as teaching having improved in every curriculum subject in primary schools since 1997. Of course, we recognise that we need to do more to provide a high-quality primary education to all pupils. There is still an unacceptable variation in performance between schools, and authorities are encouraged to consider that when determining proposals under a review of provision.

Primary standards for 11-year-olds in Rossendale are improving and are broadly in line with the average for Lancashire schools. In Lancashire as a whole, key stage 1 and 2 results are above the national average. No primary schools in Rossendale have been identified as needing special measures, as having serious weaknesses or as underachieving, although eight have been identified as needing additional local authority support to address educational, personnel or financial issues.

As my hon. Friend set out clearly, Lancashire county council is reviewing primary school places across the Rossendale area, because of surplus places. I have the same figures as he does for the number of surplus places. There is no doubt that that issue needs to be tackled. The review covers 32 primary schools. The surplus place percentage is almost 17.5 per cent., and it will reach 22.8 per cent. by 2010 if nothing is done, so, clearly, something must be done. The authority and the diocesan body state that falling rolls have had a greater impact on Catholic schools than other schools, although there is significant unfilled capacity in all sectors.

On the option put forward in the consultation document, my hon. Friend made the point that there is only one option for his area of Haslingden, and I understand his concerns on that. I have listened to his points and am sure that the local schools organisation committee will do the same and consider some of them, which I am sure he will also make locally in every possible way. The parents and pupils sound to me like quite an active lot, and I am sure that they will make those points as strongly as he has made them during this debate.

Janet Anderson: I thank the Minister for giving way and I apologise, Mr. Hood, for not having indicated that I wanted to say something.

The Minister mentioned that there was only one option for St. Mary's in the review, and she is absolutely right. I endorse what my hon. Friend the Member for Hyndburn (Mr. Pope) has said in welcoming the approach of Lancashire county council, which has indicated that it is willing to listen and think again.

A number of schools in my constituency are affected, but for one in particular—Bacup nursery school—there is only one option in the review document, which is closure. I visited the school on Saturday and I know the strength of feeling locally. We would very much like for that school to remain, and replacing it with a nursery class would not improve the provision for local people in Bacup. In fact, it would make it significantly worse. I just place that on the record. Part of the solution to the problem may be some sort of new build throughout the borough of Rossendale, and I wonder whether the Minister would explain what help might be available from Government to assist with that.

Maria Eagle: My hon. Friend has raised a point that I shall come on to during my remarks.

I congratulate the teachers, parents and, most of all, the pupils of St. Mary's for the impressive achievement of being identified by Ofsted as one of the most improving schools in the country. From my constituency experience, I understand how difficult things can be in a school that is improving and has been turned round from a slightly difficult position—albeit not special measures in this instance—only to be faced suddenly with such a threat to its future, after all the effort that has gone into turning it around. All I can say is that I congratulate the school and all connected with it on its achievement. No matter what happens to the local organisation, there is no doubt that it is a significant achievement to be named by Ofsted as one of the most improving primary schools in the country. That is something of which everyone should be very proud.

I understand that one difficulty is that pupil numbers are quite small, and my hon. Friend the Member for Hyndburn referred to that. I am told that the number

[Maria Eagle]

stood at 81 in January and that there are currently 78 pupils. My hon. Friend raised some issues in referring to our 2002 legislation about the way in which small schools might be helped to continue even though the numbers are smaller. That is particularly important in rural areas where schools are centres of the community, and I am sure that all those factors will be taken into account during the current consultation and in the decision-making process thereafter at the level of the schools organisation committee when it considers the points made or whether the proposals should go ahead.

The consultation document was issued in May and open evenings have been held at schools that could be directly affected. I am not sure whether that applies to the nursery, but I am sure that it should. I am sure that it will have had meetings where parents of the children who go there could make those points. I know that there were open evenings at St. Mary's school on 7 June and at St. Veronica's on 6 June. The results of the consultation are to be reported to the cabinet member for education on 13 September, which leaves my hon. Friend the Member for Hyndburn, and those of his view, the summer in which to campaign. Of course, before making any decisions, those making the decision locally will take into account the views put forward.

Lancashire county council and the Salford diocesan schools commission recognise in their consultation document the important role played by denominational schools. The point made by my hon. Friend the Member for Hyndburn about the possibility of removing the option of a Catholic primary education from some parents is important, and I am sure that he will stress it to those who are to make these decisions in due course. I understand that a reorganisation of Roman Catholic churches is being undertaken in Rossendale and Ramsbottom, which may result in an amalgamation of the parishes of Haslingden, St. Mary's and St. Veronica's. I do not know what impact that might have on some of the proposals that have come forward, but I am sure that the two things are not unconnected.

My hon. Friend the Member for Rossendale and Darwen raised a point about a nursery school in her constituency and asked what, if anything, the Government can do to ensure that funds are available to ensure that schools can continue where that is wanted. I am afraid that I will have to write to her on that point. However, she will be well aware of the increasing resources that the Government are putting in to ensure that pupils attain in their current school buildings and to extend and extensively rebuild our school infrastructure throughout the country. I will have to check at the Department to see what might be available for her nursery school, but she will be aware of our 10-year child care strategy and the concept of extended schools, which may well provide some options that could be considered locally to ensure that valued local facilities can not only continue, but be expanded.

Over the next 10 years, there will be a vast expansion in the availability of child care and extended schools in particular areas, which will offer all kinds of additional support services to parents, families and learners of all ages. I am certain that, in conjunction with the local authority, local diocesan schools commissions can come up with helpful plans.

Janet Anderson: The Minister stresses something important. We feel that one of the ways forward for the nursery school in Bacup would be for it to combine with the local Sure Start scheme to provide wrap-around care for all the families in Bacup.

Maria Eagle: I am interested to hear that local people are already ahead of the game. They will have spotted that there are a lot of resources in extending schools to ensure that they provide services for much longer periods during the day to assist parents who are at work by ensuring that they can have proper child care for an extended time. Such expansions are planned throughout the country.

Sure Start has led not only to services in respect of children and early-years education being put together much more coherently, but, in areas in which it is established, to underachievement being tackled effectively. If my hon. Friend already knows of a Sure Start scheme, that is an obvious way in which services can be not only preserved, but improved in future. I undertake to contact her further in that regard, although I am sure that she is aware that I cannot make decisions about school reorganisations. I am certain that those involved at local level will have the best interests of all the communities at heart and will want to ensure that the proposals that they finally come forward with are fully supported by parents and local people.

My hon. Friend will be well aware, as will my hon. Friend the Member for Hyndburn, that to the extent that there is not an agreement at the end of the process of consultation, there are procedures by which decisions can be taken by the independent schools arbitrator that will ensure that a resolution is reached to allow the reorganisation to go ahead.

I have heard what both my hon. Friends have said. I am certain that the local schools organisation committee, the LEA and the diocesan authorities will read carefully what they have had to say and that parents, pupils and those with an interest in the local area will be involved in the consultation, will make their views known and will put forward alternatives if they feel that they are viable. My hon. Friend the Member for Hyndburn had one or two points about that.

At the end of the day local decision making, along with the arbitration that is available if there is no agreement, will ensure that, when it happens, the reorganisation of schools in Rossendale will happen to the benefit of all pupils whether they are at community schools, denominational schools or wherever, and whether they are at nursery or primary level. That is the aim of the way in which schools reorganisation is now carried out. That is best done locally and at the end of the process Rossendale will have a plan for the future that will do right by all the children of the area.

Question put and agreed to.

Adjourned accordingly at five minutes to Two o'clock.

Westminster Hall

Wednesday 6 July 2005

[MR. EDWARD O'HARA *in the Chair*]

Royal West Sussex NHS Trust

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watson.]*

9.30 am

Mr. Andrew Tyrie (Chichester) (Con): I am pleased to have secured this debate, but I am angry that it should have been necessary. I have no party political points to make. The NHS has not been right for a long time. Given the limited NHS resources that are available, all I want to do today is to deal with how we can find the best possible health care for the area that is covered by St. Richard's, for my constituents and for those who use the hospital, a high proportion of whom are elderly and live in a rural area.

Before I go any further, I shall map out the scale of the problem, with the hard numbers. In the financial year 2003–04, the hospital went into significant deficit for the first time of £3.5 million. In the past year, 2004–05, that deficit increased to £13.8 million and it is forecast that, in the next financial year, it will increase to £28 million, on an income base of just over £100 million. As a result of this, the Audit Commission has issued a public interest report—a so-called section 8 report.

Those figures sound catastrophic, but the reality is that the lion's share of the deficit is purely a consequence of resource accounting and budgeting—the RAB system that is in use by the NHS. To put the whole matter into perspective, if the deficit were funded as if it were a commercial loan, before RAB cuts, and if a normal rate of interest were being paid, the total deficit would only be a few million pounds. The lion's share of the hospital's funding crisis has far more to do with the labyrinthine nature of NHS RAB than any financial mismanagement in which it might have been involved. During a five-year period in which a business would accumulate £1 of deficit, under RAB a hospital will be accumulating £3 of deficit. That is the scale of the problem caused by RAB.

The second crucial point that needs to be made concerns what people are saying about the hospital. Everyone says that it is a first-rate hospital. That is not only my conclusion, but that of the cohorts of experts, arbitration reviews and the Government's indicators. The catalogue is so long that I shall not do much more than refer to it. We are dealing with a top-class hospital.

The Government's reference cost index suggests that the trust is one of the most efficient in the country. It is currently in the top 15th percentile. As for the hospital's clinical performance, according to independent benchmarking, it has been among the top 40 in the country—out of more than 120 trusts—for each of the past five years. And in clinical outcomes, over the past two years the trust has had either the lowest or the second lowest mortality rate in the south-east, and that is after taking account of a difficult catchment area.

So far I have not mentioned patients. It is not only whether patients stay alive that we must consider, but whether they believe that they are being treated properly. The latest MORI satisfaction index for acute trusts, which is produced each year, shows that the trust has the highest level of patient satisfaction in the south-east. St. Richard's hospital is top out of 26 hospitals in the south-east for patient satisfaction.

Of course, if a hospital is delivering the goods on that scale on each and every one of the Government's indicators, we would expect the staff to be engaged, committed to delivering high-quality care and happy about working there. That is exactly what is happening at St. Richard's. Last year, the NHS's own national staff survey found that it was an extremely happy place in which to work. Furthermore, the senior management were judged to be in the best 20 per cent. for quality of leadership. So that is the judgment of people working in the hospital, assessing their own management.

All of those indicators that I have just described were further reflected in one general measure, which is that the hospital has held the charter mark for excellence for nearly a decade. Even the Healthcare Commission feels obliged to give the hospital two stars out of three, and it withholds the third star only because of the deficit. That takes us straight back to where we started.

No one is disputing the fact that the hospital is first rate; I do not think that the Minister will try to dispute the fact that the hospital is one of the best in the country, or that it is treating more patients every year at a lower cost per patient than almost any other hospital. However, the response of the strategic health authority and the Department of Health has been to restrain its income. They seem not to consider that, as a result, people will either go untreated or be treated at greater expense elsewhere.

Only in the NHS could an institution as successful as this be having its income cut. If it were a private sector institution it would be expanding rapidly and people would be saying, "Let's get this institution to grow as fast as possible. We have found a successful method of delivering what we want to deliver: better health care." The hospital would be the regional success story in health care if it were in the private sector, run according to private sector common-sense norms.

So why is the hospital being treated in this way? There are a number of detailed explanations, and I shall come to those in a moment. First, there is one general explanation that must be dealt with, which I hope the Minister will take on board. I worry that St. Richard's could be the victim of regional health politics. I have spoken to a large number of people about St. Richard's since I became a Member of Parliament, particularly over the last year. I often hear variations on the same theme: St. Richard's is the success story that should not happen. It is a small district general hospital which is outstandingly efficient. On all the planning boards and computer screens, taking into account all the theories and models that the NHS bureaucrats put together, hospitals of 500 or fewer beds are not supposed to be efficient, or to do that well. They are not supposed to be able to deliver cheap, efficient health care in the modern age.

Time and again I have been told—on the quiet—by senior NHS bureaucrats that the long-term future of St. Richard's must be as an outpost of Portsmouth or

[Mr. Andrew Tyrie]

the Portsmouth hospitals. People say that we may, by all means, keep a campus in Chichester, and that there will need to be an accident and emergency department, but not a general hospital; super-hospitals are the future.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I am grateful to my hon. Friend for giving way in his excellent and informed speech. Is not the driving force behind the move towards super-hospitals the Royal College of Physicians more than any politicians? Is it not up to elected politicians and Ministers to resist such pressure from the profession?

Mr. Tyrie: I think that the drivers come from many sources. It is the job of Ministers not to allow such things to be decided entirely by their officials in discussions with various interest groups, but to try to think through the issues from first principles. The York study on economies of scale in hospital care—the most famous study, although it is a relatively old one—suggested that there were no economies of scale above about 200 or 250-bed hospitals. However, in numerous documents and in speeches it has been made clear over many years by Ministers that 500 beds is probably the cut-off point for the minimum size at which an all-singing, all-dancing general hospital can function efficiently. Incidentally, St. Richard's is a 500-bed hospital, so it is right on the cusp that I am describing.

I do hope that the Minister can reassure me today that the Government are fully committed to helping hospitals of the size of St. Richard's to flourish. Patients want that. They do not want super-hospitals; they want to be treated near where they live, if they can be. St. Richard's has proved that it is possible to do that efficiently. My constituents, and those of my hon. Friend who are affected, will be listening to the Minister's response on that point.

All that St. Richard's really needs—I will now get into the detail of how we have developed the huge deficit—is for the Government to implement their own health policy. St. Richard's does not need a handout; it needs reasonable payment for the treatment that it provides. As Ministers know, the hospital is being paid for its work at well below the cost of providing it, as shown by the Government's national tariff rate. If St. Richard's was paid at the national tariff rate, it would never have got into deficit. In fact, it would be in surplus and would be expanding, as common sense suggests that it should. Full implementation of the national tariff would yield an extra £15 million in 2006 and more in subsequent years, more than covering the deficit, even including the extraordinary RAB accounting, which has artificially inflated the financial crisis.

I have had a good look at the issue of the national tariff. The question that I have been wanting to clarify is by how much the hospital is paid under tariff. The short answer is about 20 per cent. In other words, it is getting only about 80 per cent. of what it should get, based on the national tariff. That is a key issue in understanding what has gone wrong with the hospital's finances.

I quite understand why the Government have decided to slow down implementation of the national tariff. It was originally intended to be phased in from April this year. However, a national tariff means winners and losers, and the Government do not yet have a plan for the losers. They do not have a plan for those inefficient hospitals that are receiving above-average tariff and which would have money taken away from them—those hospitals up and down the country that deliver the same treatment or less good treatment for more money than St. Richard's does. Those cuts will be painful and the Government will need to plan for them. I understand that.

I am concerned that St. Richard's, which will be one of the winners, should not be penalised in the meantime. What is more, a penalty is being built into the Government's current method of moving to the national tariff: the so-called payment by results scheme. That is because low-tariff hospitals are permitted increases in tariff in slugs of only 2 per cent. per annum. In St. Richard's case, starting 20 per cent. behind—or, to put it another way, starting from such an efficient base—it is a mathematical impossibility for the hospital ever to get up to the national tariff rate under the Government's payment by results scheme. That must be crazy. At least the Government have said that they will look again at payment by results; thank goodness. Penalise by results would be a better description of the current scheme.

Let us put the tariff point another way, which illustrates it even more clearly. Imagine that St. Richard's was shifted 12 miles due west to the other side of the county border, in Hampshire. The Hampshire and Isle of Wight strategic health authority prices the cost of treatment almost at tariff. If St. Richard's hospital was 12 miles due west it would be in surplus.

There has to be something amiss when a first-rate hospital, which would be a candidate for foundation status in one county, finds itself having to cut its budget under RAB in another. Something is seriously at fault with the internal financial arrangements of the local health economy.

Of course, in Hampshire a deficit is now mounting in the primary care trust instead of the hospital trust. What is their alternative? The only alternative to giving more money to the local health economy is to leave patients untreated. That is my second worry. I have frequently heard senior health bureaucrats talk about the need for "better demand management"; the public should know what that might mean. What it really means is that people would be left untreated. "Better demand management" means less demand: squeezing it out and rationing.

I hope that the Minister will be able to say categorically today that she rejects that approach to solving the problems at St. Richard's and in West Sussex. That approach is tantamount to saying to St. Richard's that, because it is successful, it is attracting too many patients, who are referred by GPs or come through in accident and emergency, and that it has become too well known as a centre of excellence. So it had better close its doors to some patients and force them to be treated elsewhere. I am sure that the Prime Minister did not mean that when he said that we need a health service fit for the 21st century; I am sure that it is not what successive Health Secretaries had in mind when they told us that the main constraint on more health care in Britain was not cash but capacity.

Coming along and moaning to a Minister about the fact that not enough cash is being provided in the health economy and that as a result a very good hospital is in trouble, is not enough. I have tried to think through what reasonable response the Minister might try to make. What has been sitting in her brief overnight?

The Minister could say, for example, that the PCT already receives more than its fair share of the national cake. I have no doubt that she will have a statistic that shows that. That, however, would not take full account of the demands in areas such as Chichester, which has such a large rural and elderly population.

The Minister may have been briefed that the primary care trust has the allocation of its own funding wrong and that it should allocate a higher proportion of its budget to secondary and tertiary, rather than primary, care. She might have a point if she said that. The PCT is spending only 45 per cent. of its budget on secondary and tertiary care, whereas the average for PCTs in Surrey and Sussex as a whole is nearer 50 per cent.

However, before alighting on that as the explanation, the Minister would need to remember the extra and growing amount that needs to be spent on mental health in the area, particularly in view of the history of nearby Graylingwell, which was the county asylum before it closed. Many former patients live in the local community and, understandably, they bring extra costs for the PCT. That is why the mental health element of the PCT's spending is higher than average and it is one of the causes of the fact that only 45 per cent. of its budget—a limited cake—can go to secondary and tertiary care.

Another line that the Minister might have up her sleeve might be to say that some of the hospital-based services should be borne by GPs or provided in the community, closer to where people live. This is the new line that a person gets when they talk to a large number of people in NHS senior management. However, I will wager that if the Minister probes her officials about that policy, she will discover that the savings claimed could turn out to be highly speculative. It is at least arguable that such community-based care could generate as much demand as it diverts, and it is the view of many experts that it will.

The Minister will definitely tell us that after intensive negotiations, the trust, the PCT and the strategic health authority are much nearer a solution. She will be right, at least in the very short run. The hospital has found an extra £5 million of savings and has also offered to raise a further £3.7 million by selling assets owned by the trust. We should all be pleased to hear that the negotiations are going a bit better and that they have moved forward a little. However, I worry about the deal that has been put together.

What will taking £5 million out of that trust really mean? It will mean fewer nurses per patient, but the hospital is already in the lowest quartile nationally in terms of the nurses-per-patient ratio. It will mean shortening the length of stay, but the hospital already has among the shortest stay lengths of any hospital trust for each main type of treatment. Among other things, it may also mean that rehabilitation services need to be cut. That is the real effect of the £5 million of savings. What about the £3.7 million of asset sales? Frankly, the proposed sale of land is nothing more than asset stripping; it is no more than a sticking-plaster solution because one cannot sell assets to pay for current expenditure for long.

Everybody will need to row together to make the current negotiations a success, but we also need to be clear that a few asset sales will not solve the growing health care crisis in West Sussex or Chichester. My constituents need a long-term solution to the problem, and that will require the Government to examine at least four issues. The first, to which I have alluded, is the need to ensure that there is a proper national tariff for the work that hospitals do. Are the Government committed to paying hospital trusts the full national tariff within four years? I hope that the Minister can answer that question. It is the current stated policy, but what is the strength of commitment to it? If a full commitment can be given, and we can get rid of the 2 per cent. cap on payment by results, St. Richard's will be out of the woods in a few years.

That brings me to the second point. We must have a basic principle in the NHS that we will reward success such as that shown by St. Richard's. In theory, the Government have already done that with foundation hospital status. Even if the hospital had foundation status, however, it would still be strapped for cash because of the 2 per cent. cap on payment by results.

The third issue is the capitation formula. The Government must look again at this. It has resulted in the transfer of health resources from the south to the north. The arguments involved are long and I do not intend to go into them in detail, but re-examining the formula is inescapable. The whole health economy of the south is developing similar problems. The recent National Audit Office report on the NHS nationally showed a steady deterioration in the south compared with the north. Not every hospital in the south can be getting things wrong, so something is clearly wrong with the capitation formula. I should be grateful if, today, the Minister would commit the Government to looking again at the formula.

There is a fourth point, which it is essential for the Government to consider if we are to get through this growing crisis: they need to shed some of their nostrums about the way in which health care is provided. The suggestion that St. Richard's is too small to survive as an independent hospital, and the funding treatment that it has received over the past few years, owe more to a communist state planning system than to a modern democracy. It is absurd. When one goes through the way in which the numbers have been calculated, one can scarcely believe that a major institution such as the NHS is being managed in this way in the 21st century. A group of serious, dedicated clinicians, health care professionals and managers are being pushed around as a result of the most extraordinary, byzantine rules.

If the Government really are committed to doing what they say—to letting success flourish in the NHS—they must think out of the box and more imaginatively. Specifically, I hope that the Minister will return to her Department and ask about economies of scale and super-hospitals and whether the Government should be giving much more encouragement to hospitals of 300, 400 and 500 beds, rather than having an idée fixe that a hospital of fewer than 500 beds cannot survive or be efficient in the modern age.

[Mr. Tyrie]

I have spoken to many constituents about this subject, including patients, staff, management and clinicians. They all say much the same thing:

"The hospital provides high-quality care at low prices. It is many levels above most other hospitals. Morale has been high and the hospital has been a very happy place to work. Management has a good working relationship with consultants, the trust and staff, unlike at so many other hospitals. The chief executive leads by example and has the complete confidence of the whole hospital. It is rare to find such high-quality management."

Actually, those are not my views—I have just been quoting a leading clinician, the medical director at St. Richard's hospital.

I have suggested a number of long-term solutions to the Minister. Best of all would be for her to come and see for herself. She should not believe everything that she has heard about the hospital from the regional health authority; she should just go down, take a look and discover for herself the gap between the numbers and reality. As another clinician who does not work at the hospital put it to me:

"You can tell when you walk into a hospital immediately whether the quality of care is good. St. Richard's is where I would most want to be treated."

Several hon. Members *rose—*

Mr. Edward O'Hara (in the Chair): Order. This is a debate of local interest and, according to the Speaker's ruling, contributions from the Opposition Front Bench may be limited to five minutes in order to allow local Members to have full opportunity to speak. If that becomes necessary, the first Opposition contribution will be called at 10.40 am.

9.56 am

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate my hon. Friend the Member for Chichester (Mr. Tyrie) on securing this important and timely debate. He has an impressive track record on fighting for local hospitals sited in his constituency. He has the backing and support of all of us who represent constituencies in West Sussex because we share his concerns.

St. Richard's hospital is an excellent hospital that is used heavily and frequently by people in my constituency, as Bognor Regis is only six miles away from Chichester. The hospital is well loved and its medical proficiency well respected and understood by people in the Bognor Regis area. The Friends of St. Richard's is a widely supported group that has raised millions of pounds for the hospital in recent years. Volunteers from Bognor Regis can be seen throughout the hospital on any day of the week.

The hospital's reputation is supported by the raw data. As my hon. Friend said, it has a two-star Healthcare Commission rating, with only its financial position preventing it from receiving the top three-star rating. In a sense, the hospital is in a vicious circle because if it had a three-star rating it would have more independence, but it cannot have the third star because of the financial position that the current structure has put it in.

St. Richard's is a hugely efficient hospital and is in the 15th percentile of all NHS trusts. It has also been among the top 40 hospitals for each year from 2001 to 2005 for clinical performance, according to the CHKS Ltd. rating. St. Richard's also has the lowest and second lowest hospital mortality rate in the south-east in the past two years, as my hon. Friend said, as well as the highest patient satisfaction rating in the south-east.

We are talking about a well-loved and highly efficient hospital that is in trouble because of a deficit of £13.8 million last year, which, on an accumulated basis, now totals £20.5 million since 2001–02. St. Richard's hospital performs well on the cost side and is efficient by comparison with other hospitals. The problem must therefore be on the income side. That clearly is a problem, as the hospital is being paid significantly below the NHS tariff for its operations—as my hon. Friend has calculated, about 80 per cent. below the tariff in 2004–05 and 86 per cent. below in 2005–06. That is because payment by results has been only partially implemented, and merely includes elective care for 2005–06.

It is likely that, had full payment by results been implemented, the trust would have been in surplus in 2004–05. The sin that St. Richard's has committed has been to treat too many people. Those who know the area that the hospital serves will know that it has an elderly population, particularly in Bognor Regis, where 25 per cent. are over the age of 65—that is forecast to rise by a further 19 per cent. over the next 10 years. The population also contains a high proportion of the very elderly—those aged over 85—so of course there are severe demands on the hospital. I am glad that St. Richard's treats my constituents when they call on its services. I would be the first at the barricades if it started to turn patients away because it had breached its financial barriers.

Is there not something odd in the way in which the NHS is managed? Somebody sits in Whitehall and calculates what the area covered by Western Sussex primary care trust needs, based on its population, profile and other requirements, and we all sit and hope that that calculation is correct. Then, lo and behold, more patients than predicted by the formula turn up and are treated, so the costs accumulate and a deficit arises, and we all scurry around trying to plug the gap. Surely, if the hospital is efficient, which this one is, and it is engaged only in treatment that is accepted as appropriate for an NHS hospital to carry out, which it is, that should be the end of the matter; the funding should be given.

It might be that GPs are referring to the hospital people with particular medical conditions that in other areas are more usually dealt with without hospital admission. If that can be proved, it needs to be addressed. Perhaps we need more district nurses in the area so that the number of hospital admissions can be reduced. However, if it is not the cause or the whole cause of the problem and it is the case that more patients are becoming ill than the formula predicted, it is wrong for the hospital—or the PCT and the whole health economy of Western Sussex—to cut its level of service to match the funding. Cost cutting is a fine and proper way to deal with inefficiency, but we must not plug this deficit by cutting the level or quality of service to a very elderly population whose lives depend on this good, effective hospital.

The funding gap should not be plugged, either, by cutting other NHS services in the area. I understand that Western Sussex PCT intends to reduce the number of district nurses by 30 per cent., and to move them out of the GP practices, where they currently work, into five regional centres. In an area such as the one that I represent, that is entirely unacceptable. I have had a raft of letters from worried elderly constituents in response to the announcement about the changes for district nurses. One constituent, Miss Duncanson, who lives in Pagham, writes that she is appalled by the proposal by the PCT to reduce the number of district nurses. She goes on to state:

"There are many elderly people who rely on the friendly and efficient District Nurses. You will be aware that it is frightening to have a stranger coming into your home",

and that, under the new arrangements proposed by the PCT,

"the patients will not know the Nurses and the Nurses will not know the patients. This proposal confirms the suspicion among the elderly that they come very far down in the priorities of the Care System."

Another constituent from Pagham writes:

"This reduction of cover . . . will undoubtedly lead to a serious dilution in the quality of primary care in the home,"

and continues:

"These cuts will inevitably lead to a loss in patient carer confidence and the personal trust that has, up to now, been developed"—

Tim Loughton (East Worthing and Shoreham) (Con): I have been following my hon. Friend's points carefully. He acknowledges that his population of the very elderly is very high, as it is in other parts of West Sussex. The very elderly make the greatest demands on the health service, and if we are unable to look after them in their own homes through visiting nurses, it is likely that they will end up requiring more acute care, in hospitals, at a vastly greater price. The scheme is a false economy.

Mr. Gibb: My hon. Friend is absolutely right; that is the madness of the system. It is likely that a reason for the deficit is that there may have been an excessive number of accident and emergency admissions because there is an elderly population. One of the best ways to reduce the number of admissions is to have more care in the home, but to plug the financial gap, the PCT health economy wants savings across the board and is proposing to cut the number of district nurses by 30 per cent., which, as my hon. Friend said, is likely to lead to more admissions to St. Richard's, exacerbating the problem in the long run.

A constituent from Nyetimber in Bognor Regis writes:

"My elderly mother has needed visits from the district nurses in recent months due to a chronic illness . . . She has been treated with great respect and courtesy by the district nurses attached to the Grove House Surgery, who have performed excellently in reducing the ailment and containing it in the best possible way . . . In my opinion the District Nurses perform a great service to the community . . . The proposed changes to reduce the number of nurses by 30 per cent. shows a lack of foresight and will surely affect the health and morale of the very people who are entrusted to improve the wellbeing of their patient."

My constituent pleads with the Minister, via me, and urges her to think again.

Other constituents have written to me expressing huge concern about the proposal. One states:

"My parents live in Aldwick . . . and both have benefited from their excellent local health services in recent years . . . It is the reason they have decided to spend their remaining years in the Bognor area. I believe that a cross section of the locality would indicate that there are many others of their neighbours in the same situation. Basically this is a prime retirement residential area. To be planning to reduce the number of district nurses by 30 per cent. is little short of criminal. Any 'savings of cost' must be judged against the reduction of the level and quality of the service provided."

The letter concluded:

"What a way for the 'War Generation' to be treated towards the end of their lives."

That is what I hear from a number of constituents on this issue. And we are talking about the war generation because it is an area where the very elderly—people over the age of 85—live. I quote from a letter that exemplifies that point. It states:

"I am 81 years old, my wife is 79 and we have lived in Aldwick for the past 16 years. In recent years we have both had health problems and I have been most grateful for the excellent local health care, with my wife now requiring regular attention from the District Nursing Team. They are our lifeline . . . Please do all you can to oppose this awful plan."

The Minister has now heard first hand the consequences of trying to plug an artificial financial deficit, dealing with a formula drawn up in Whitehall that has proven to be inaccurate in the real-life circumstances of western Sussex.

I do not know how many hours of highly paid accountants' time has been consumed in pouring over the details of the hospital's deficit and in finding savings from the service provided, but I expect that it is excessive. Here we have an efficient hospital that is simply treating more patients than were predicted and for which it is being paid less than it should be. We need to implement payment by results immediately so this problem would be resolved, and so that we do not start cutting vitally needed medical services, which are keeping people alive.

This debate really is a matter of life and death. I trust the Minister will ensure that no decisions are taken that will result in a lower level of service than is currently being provided.

10.9 am

Mr. Nick Herbert (Arundel and South Downs) (Con): I too congratulate my hon. Friend the Member for Chichester (Mr. Tyrie) on securing the debate and on taking such a close interest in St. Richard's hospital in his constituency.

The hospital also serves a large number of people in my constituency and my constituents share the concern that my hon. Friend succinctly expressed about the hospital's financial position and its future. I underline what he said about the way the hospital is perceived by the local community. According to the objective measures of performance indicators, it is a very efficient hospital, topping the league; also, on the crucial measure of patient satisfaction, *The Sunday Times* gave it a score of 82 per cent., which is the highest in the south-east. By all measures, this is an extremely good local hospital, and we should start from that position.

[Mr. Nick Herbert]

There are considerable and growing pressures on the hospital because of the nature of the local population, and we need to recognise that. Nearly 25 per cent. of the local population are over 65, and the number of over-65s is forecast to increase by nearly a fifth in the next decade. This is an area where the population has grown at twice the national rate for nearly a century. Controversial proposals to increase the number of houses in the area are being driven through, so the population pressures will increase. Furthermore, the area gets a large number of visitors because it is very popular with tourists. Chichester, my town of Arundel and the south downs receive a large number of visitors, adding to the pressures on the hospital. That underlines the need for a continuing local hospital to serve the needs of the growing and elderly population.

I should therefore like to question a view that I believe may be prevalent among senior NHS management, to which my hon. Friend alluded—that too many people in the area are being sent to hospital. In the first place, that view does not recognise the situation, the demographics, the growing pressures that the hospital will face and the continuing need for the hospital. Secondly, even if it were true that too many people were being sent to hospital, that certainly does not provide any kind of solution to the financial situation of the trust. If that was part of the problem, and I am not sure that I would accept that—I would like to know whether that is the Government's view—it would seem to suggest that there was no need for trust provision on such a scale, and that would concern me. I will come to that in a minute.

We have to recognise that the problem affects the whole health economy. In meetings with the chairman of the trust, I was encouraged to hear that he is working closely with the chairman of the PCT. We have to recognise that a solution for one of the bodies may produce problems for the other. Therefore it is necessary to recognise that there is an underlying deficit in the whole health economy. Once one recognises that, it is possible to view the short-term measures that the trust has been required to undertake with a certain amount of cynicism. Things like asset disposal and sale and leaseback schemes can only be short-term fixes for an underlying deficit and, in themselves, are very disruptive and problematic.

I agree with my hon. Friend's points about the RAB scheme. It is worth pointing out, as did the public interest report published last month, that under the RAB scheme, if the underlying deficit is not addressed, then because of the need under NHS accounting rules to roll forward deficits and meet them by penalising the amount of grant that the hospital receives, by the end of 2007–08—only a few years away—the accumulated deficit will be £142 million, a sum considerably in excess of the trust's income. That demonstrates the absurdity of the RAB rules and the need to address the structural, underlying deficit that affects the entire local economy, not only the trust.

The real problem, as my hon. Friends have clearly put it, is that activity is not being matched by income and that the trust is paid below tariff. The results are perverse, which is a great pity. All too often in the public sector, good, efficient local institutions do their job and increase activity, and are penalised for it rather than rewarded. We cannot have a system that produces such results.

My hon. Friend the Member for Chichester made a very good point about the tariff, and drew attention to the fact that if the hospital was simply relocated a few miles to the west and if it paid the same tariff as a neighbouring trust, these deficit problems would simply not exist on the same scale.

That point can also be made in another way. In its contribution to the strategic review, the trust has been forced to consider whether some sort of arrangement or even merger with Portsmouth would be a viable option. The trust pointed out that that would not produce the solution that was hoped for, because unless the tariff situation was dealt with, it would increase costs because the local PCT would have to send patients to Portsmouth trust, which has higher costs than Chichester. That demonstrates the absurdity of the tariff situation.

I view with particularly grave concern any suggestion that there might be a gradual transfer of activity to Portsmouth and away from St. Richard's. My constituents live to the east and north-east of St. Richard's and are currently served by the hospital. They would be furthest away from Portsmouth, and I am very aware, from debates happening on the east side of my constituency some 40 miles away, of the problems caused by a stealthy determination to downgrade local facilities in favour of placing them in a different hospital some miles away from a rural area. That has happened at the Princess Royal hospital in Haywards Heath, whose accident and emergency facilities are being downgraded in favour of sending people to the Royal Sussex hospital in Brighton.

Consultants are up in arms about these proposals, as are local people, who fear, with some justification, that there is an agenda to regionalise NHS provision. People in rural areas have grave concerns about that. They want local hospitals to continue to exist, particularly in rural areas with a population of elderly people who find it difficult to travel.

As well as addressing the deficit, I hope that the Minister will take on board the fact that the national, and certainly the local, mood is for the preservation of good local facilities, and that behind-the-scenes moves to rationalise facilities are very damaging to the entire political process, particularly when local people are not properly consulted or consulted in a way that does not meet with their approval.

There is also an urgency to the situation confronting St. Richard's. It is very unsatisfactory that the trust should be forced to take part in a series of crisis meetings with the strategic health authority and then be in an acute cash-strapped position. The public interest report last month described that position as extremely serious. At one point, payments were frozen to creditors, which is unacceptable, particularly when those creditors could be in the private sector. At another point, the trust was forced to freeze purchase orders, which could have had an effect on service delivery if essential supplies, such as food and drugs, were unavailable.

One of the ways in which the trust has dealt with its cash position is by renegotiating its payment schedule with the contractors who built the Chichester treatment

centre. That may have been a sensible short-term measure to ameliorate its position, and I am sure that it was, but the irony is that it increases costs for the trust in the longer term. It is a good example of a measure being forced on the trust that does not deal with its short-term problem.

The trust has little local control over national costs. Generally, national health service managers who are confronted by problems of the kind in question have little control over their costs, which constrains their ability to deal with structural problems like the one that I mentioned. The public interest report pointed out that a substantial portion of the current deficit—about £3.2 million, which is about 25 per cent.—relates to national developments. It did not specify what they were. What can the trust do about them?

That matter points to a wider problem, which I hope that the Minister will take on board, if she does not respond to it immediately—the extent to which the large spending increases in the national health service are being absorbed in higher costs. The King's Fund—an independent health body, as the Minister knows—estimated at the time of the general election that 73 per cent. of NHS spending increases are being absorbed in higher costs.

The NHS overall faces year-on-year spending increases that are leading to stored up spending costs. The think tank of which I used to be director, Reform, has estimated that by 2010 the NHS will have to find an extra £10 billion just to stand still, because of meeting those stored up cost commitments: the new primary care contract, more staff, new IT and more expensive drugs.

Mr. Tyrie: I have already had a good innings, so I shall try to be brief. My hon. Friend is right to mention the £3.2 million extra costs from central initiatives. Is he also aware that funding was provided to the tune of £17 million for the Chichester treatment centre, which was recently opened, but that the running of it has not been funded? The running costs of about £4.2 million have come the trust's way, but the hospital is not getting the money. That is another extra, unexpected burden.

Mr. Herbert: I am grateful to my hon. Friend for making that point. I was going to discuss the Chichester treatment centre. He is right about that.

The treatment centre is a good example of the trust doing what the Government would like it to do. The existence of the new treatment centre, which is just coming on stream, is a good example of one of the perceived successes of Government policy on health care. When a hospital trust is doing as the Government want and performing a good service for the community, whose demands will only increase, it is unfortunate that we should allow a structural deficit to go unaddressed and force the trust into a position in which it must take improbable and short-term measures.

I hope, on behalf of my constituents, who value the hospital greatly, that the Minister will be able to deal with the great concerns about the situation affecting this good trust.

10.24 am

Julia Goldsworthy (Falmouth and Camborne) (LD): I congratulate the hon. Member for Chichester (Mr. Tyrie) on securing the debate, which has been informative and illuminating. It has cast light on many issues that the Royal West Sussex NHS Trust faces, and it has raised wider questions about the financial management of NHS trusts, which I hope that the Minister will deal with later this morning—issues of financial management, the implications of payment by results, resource allocation and the funding formula.

We have heard today how the Royal West Sussex NHS Trust, like many other hospital trusts, now has a record deficit. We have heard that the recent PricewaterhouseCoopers report, published in June, reported an accumulated deficit of £20.5 million in 2004–05. Because current accounting rules dictate that any deficit recorded in one year must be recovered the next, the forecast deficit for 2005–06 will be £30 million, and £51 million by the end of that year. That represents over 60 per cent. of the trust's annual income.

In its current circumstances, the trust looks in danger of becoming trapped in a downward spiral of financial difficulties, but it is not the only NHS trust reporting such problems. In 2002–03, seven NHS trusts reported deficits; by 2003–04, that had grown to 12 trusts. In both years, the Royal Cornwall Hospitals NHS Trust's Trelisk hospital, which serves me and my constituents, was sadly represented in those figures, despite providing excellent care and efficiency in every other respect. There is a concern that not only is the number of trusts reporting deficits rising, but the size of those deficits is growing. That is worrying, not just because of the north-south divide that was reported by other hon. Members, but because it is a rural-urban divide. Cornwall is a lot further south, but there is a rural-urban divide issue. Real consideration must be made of what the actual health care needs in rural areas are, not only in terms of age, but in terms of the provision of health care services in many different ways. I would appreciate the Minister's comments on what she may be able to do about such problems.

This morning's discussions touched only briefly on what the contributory factors to those deficits may be, and we have heard a lot about the problems of St. Richard's. I should like to speak briefly about some other areas that have contributed to the problems that other trusts reporting deficits have experienced. One of the first areas is the lack of financial understanding of many board members of hospital trusts. That has been highlighted by the conclusions of the National Audit Office and the Audit Commission's report on financial management, which was published a few weeks ago. It stated that in many cases,

"the Boards and Chief Executives failed to understand fully their body's financial position and ensure that action is being taken to remedy any problems."

The report also asked for recognition of the fact that boards often do not have the financial skills to drive forward improvements in their financial position. Although that may not be the case with the NHS trusts about which we have heard today, it is certainly the case with many other trusts that are reporting deficits.

The report also made a series of recommendations for executive and non-executive board members as well as for management, and I hope that the Minister will confirm that the Department will accept those recommendations and ensure that they are taken up by the NHS trust boards. Many of the recommendations make eminent sense, and it seems amazing that they are

[Julia Goldsworthy]

not already being taken on. They include ensuring that the position given by the financial reports is understood by all the board members, and that non-recurrent income is clearly identified.

Mr. Edward O'Hara (in the Chair): I am listening very carefully to the hon. Lady, but I must advise her that she must confine her remarks to the subject of the debate, which is funding for the Royal West Sussex NHS trust.

Julia Goldsworthy: Thank you, Mr. O'Hara. I hope that more will be done to help to ensure that board members understand and can predict their financial situation. The resource accounting and budgeting may not help them to do that. The concern is not simply about financial mismanagement, but about whether that represents good value for money for the taxpayer, and about the impact that recovering those deficits will have on the quality of care that patients receive. That concern has been highlighted.

The Royal West Sussex NHS Trust has made the difficult decision to cut an operating theatre and two wards to help to recover some of its deficits. Some of the other deficit recovery mechanisms have already been discussed this morning. The cuts may help to recover costs, but I am not clear how such measures will do anything but impact negatively on the quality of care that patients receive. The hon. Members for Chichester and for Arundel and South Downs (Mr. Herbert) gave further examples. Given that the trust has met all its key targets apart from that of financial management, it is difficult to see how it can resolve the problem without having an impact on patient care.

I have already referred briefly to the fact that something has to be done with the funding formula. Again, that reflects my experiences with the Royal Cornwall Hospitals NHS Trust, which lost a star rating not because of the level of patient care or the efficiency and hard work of the staff but because of financial management problems. There is a widespread concern among Members who represent rural areas that the existing funding formula does not accurately represent need, and I hope that it will be reviewed.

I have one last question for the Minister. Financial difficulties prevent the Royal West Sussex NHS Trust from switching to foundation trust status, which would give it greater financial independence. However, I wonder whether financial independence automatically means greater financial stability. The Healthcare Commission's review of NHS foundation trusts, published yesterday, found that four foundation trusts have a projected financial deficit and that changes such as payment by results remain major risks. Although payment by results may help the West Sussex trust recover from its financial difficulties, for many others it will cause huge difficulties.

Given that the Government intend all NHS trusts ultimately to achieve foundation status, and given that some of those foundation trusts already face financial difficulties, will the Minister allow those trusts and hospitals to go bust if they encounter the sort of financial difficulties faced by St. Richard's? That is the logical extension of market-based reforms in the NHS, but the question has not yet been answered. Is it the Minister's view that continual changes such as payment by results are increasing those risks—

Mr. Edward O'Hara (in the Chair): Order. I remind the hon. Lady once again not to stray too far from the specific subject of the debate.

Julia Goldsworthy: I would appreciate hearing the Minister's views; her answers are important not only for the Royal West Sussex NHS Trust but more widely. Once again, I congratulate the hon. Member for Chichester on securing the debate.

10.32 am

Tim Loughton (East Worthing and Shoreham) (Con): I, too, congratulate my hon. Friend the Member for Chichester (Mr. Tyrie) and my other hon. Friends who have spoken. I am responding with two hats, Mr. O'Hara—as the Opposition health spokesman and as a West Sussex Member whose constituency is covered by the neighbouring trust.

I congratulate my hon. Friend the Member for Chichester particularly because he has form; he is well known for taking up the cause of local health establishments. Indeed, I remember a debate held in this Chamber some years ago on the King Edward VII hospital at Midhurst, and it is due in no small part to my hon. Friend's efforts that that hospital has survived. He is now rightly taking up the cause of another centre of excellence in his constituency that benefits many thousands of people in West Sussex and Hampshire. I record my warm congratulations to him on that.

I know the trust well, as I said, it is one of my neighbouring trusts. It has problems because of its size; as my hon. Friend said, it serves 212,000 people in the local community in West Sussex and in Hampshire. However, it is a particularly elderly population—I hasten to add that it is not quite as elderly as the population of Worthing—with about 25 per cent. being over 65. As we heard, a higher proportion are over 85, with all the additional costs on health care that that involves. The trust serves a large rural area that is difficult to manage.

The hospital has been hit particularly badly by its financial deficits, despite having an excellent reputation. My hon. Friend the Member for Arundel and South Downs (Mr. Herbert) pointed out that, at the current rate of growth, the deficit will be £142 million some years ahead. The accumulative deficit is forecast to be about £51 million in 2005–06. That is a large percentage of the trust's income. However, the report that the trust gave to the board earlier in the financial year warned of the risk that the trust would not break even in the year 2004–05. There is a heck of a difference between not breaking even and forecasting a deficit in the past year of about £14 million. I wonder how those projections could have been so askew.

The hospital is, by all accounts, excellent. It was awarded two stars by the Healthcare Commission, the reference costs are 90 per cent. of the national average, putting it in the best—15th—percentile, and the trust has been in the CHKS Ltd. top 40 UK hospitals for clinical performance for each of the five years. The hospital is consistently good, with excellent clinical

outcomes, excellent patient satisfaction, excellent staff satisfaction—it is in the top 20 per cent. for quality of senior management leadership according to the NHS national staff survey—and it has held a whole hospital charter mark for excellence in public service for three successive year terms since 1996.

The hospital is doing its job rather well in terms of the quality of its health care and its reputation among its customers and staff, and is financially efficient. It has a highly respected chief executive who would be prized at any other trust in the country. As my hon. Friend the Member for Chichester said, the hospital is largely doing what the Government want it to.

The real problem with the finances is the artificiality of the way in which accounting is done. My hon. Friend told us about resource accounting problems, and we have heard that the tariff system has been partially implemented for elective care only, which has yielded just over £1 million in extra income for the Royal West Sussex NHS Trust, whereas full implementation was expected to raise an extra £10 million in this financial year, and to reach £16 million in additional income by 2008–09, which would turn the deficit into surplus. Will the Minister explain why the brakes were applied in the tariff procedure applied to the trust?

Despite lengthy negotiations with the Western Sussex primary care trust and having sought strategic health authority arbitration over the past two years, the Royal West Sussex NHS Trust is paid significantly below the tariff—the assessment is 80 per cent. of the tariff in 2004–05. That explains why the trust can be efficient yet in deficit. The key issue is that of local price. The trust is clearly efficient, but is paid significantly below the national average.

The increase in trust activity is another issue. As was pointed out in the PricewaterhouseCoopers public interest report, the increase in trust activity has not been matched by an increase in income. The report also says:

"Boards are under . . . competing . . . pressures to achieve clinical targets set by the Department of Health and to achieve financial balance."

That is the problem that we face.

Where does the trust go from here? My hon. Friend told us that it has come up with total savings targets of £5.1 million for the coming financial year, including a cost reduction programme of £1.2 million. The trust is working closely with the local PCT; together they have identified 10 streams of service redesign, which are projected to yield savings of £9 million across the local economy over three years. It has really pulled out all the stops, but the trust has indicated that the current level of savings of £5.1 million is the maximum that could be achieved this year, and that the board does not feel able, on the grounds of governance, to agree to a business plan that cannot realistically be delivered. I am sure that that is what the Government would want it to do. We do not want trust boards to cut costs for the sake of meeting artificial targets that could seriously imperil the quality and level of health care offered by the trusts. That is what the board appears, rightly, to want to avoid.

How does the Royal West Sussex NHS Trust balance its financial position? As we have heard from my hon. Friends the Members for Bognor Regis and Littlehampton (Mr. Gibb) and for Arundel and South Downs, it could be forced to take a number of cost-cutting measures. However, the hospital already has a low nursing ratio, so would that mean even shorter stays in a hospital that is already efficient in its throughput of patients? That, in turn, would mean pressure on rehabilitation services. As I mentioned, there are already severe pressures on the PCT in dealing with an increasingly elderly population, and it would be a false economy not to continue its current work. The situation would come full circle as those people would end up back in hospital, with all the financial and personal misery that that would cause.

What will the hospital do? Will it reduce the number of operations? The sticking-plaster effect of the sale of assets is purely a short-term solution. Will it have a recruitment freeze? That would lead in the short term only to a reduction in the work that it could carry out. Will it have to cut the information technology budget, and what is the future of the £4.2 million running costs of the treatment centre?

As has been said, many of the measures that have contributed to a financial deficit are out of the hospital trust's hands: targets to reduce waiting times; a shortage of skilled staff; the new GP contract; "Agenda for Change"; the new consultant contract; the measures against MRSA; the European working time directive; implementation of electronic patient records; payment by results; and quality and outcome frameworks. All of these measures, rightly or wrongly, were imposed by the Government, and the hospital trust must comply with them. That is the problem.

My final point is about scapegoating—who is being blamed for the problems. We have already seen the resignation of the trust's chairman, which in part was down to the defence of the chief executive, on whom pressure was put to resign. However, he has an excellent reputation, and the chairman fell on her sword in his place. That is happening all over the place. In the same strategic health authority—Surrey and Sussex—we lost the chairman, the chief executive and three non-executive directors, who left the trust board in May in the light of a £30 million deficit. The chairman of the Bradford Teaching Hospitals foundation trust was sacked, and the Royal Wolverhampton Hospitals NHS Trust non-executive board was ordered to stand down. The story goes on and on. There is a real fear that people in both executive and non-executive roles are being scapegoated throughout the country, but particularly in the Surrey and Sussex strategic health authority area, where we seem to have had a disproportionate number of dismissals in the past couple of years.

That problem has been pointed out in the *Health Service Journal*, not least by the person responsible for the Monitor report and the head of the NHS Appointments Commission. The latter has acknowledged that under current arrangements non-executives can be left vulnerable:

"The huge number of committees is disastrous. It removes things from the board's agenda and means the board cannot get a grip on what's going on."

The journal article continues:

"A similar point is made by Jan Filochowski, NHS Fellow at the Judge Institute of Management at Cambridge University. He has seen more than his fair share of struggling NHS organisations in his role as a management troubleshooter . . . He says: 'In my experience of going round the country, I find that boards, chairs and non-executives are sometimes afraid of being challenging enough or do not know how to be challenging enough in order to unearth problems and deal with them.'

[Tim Loughton]

There is a balance to be struck between supportiveness and scrutiny. 'Boards need to have both.'"

My point is that there are serious financial pressures, and in many cases, as with the Royal West Sussex NHS Trust, those pressures are on hospitals that are delivering what the Government want and doing a good job.

I finish with some questions for the Minister. What help will be forthcoming from the Government? Her Department has said that it is prepared to consider sympathetically the financial plight of some indebted trusts. We are looking not for bail-outs but, as my hon. Friend the Member for Chichester has said, for the trusts that are doing a good job to be paid what they are due. What is the full extent of the problem? Reports have suggested that deficits of hospital trusts amount to at least £1 billion and that they are getting worse. Where has the money gone? Are the Government really prepared to let an excellent hospital and hospital trust like St. Richard's go to the wall simply by doing their bidding and by having to work within a very artificial financial situation?

10.45 am

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I congratulate the hon. Member for Chichester (Mr. Tyrie) on securing today's debate on funding for the Royal West Sussex NHS Trust. I also thank the hon. Members for Bognor Regis and Littlehampton (Mr. Gibb) and for Arundel and South Downs (Mr. Herbert) and the Opposition Front-Bench speakers, the hon. Members for Falmouth and Camborne (Julia Goldsworthy) and for East Worthing and Shoreham (Tim Loughton), for their contributions.

There have been some thoughtful contributions today, reflecting the complexity of issues in terms of the demands on the health service. Every day it seems that there is a discovery—a new drug or a new way of helping people. In my primary role as the Public Health Minister I am interested in what we can do at the prevention end of health services to reduce the number of people who need treatment for cancer or coronary heart disease, which are our two major killers. Excellent work is going on in our hospitals, but there is also recognition by those working in the NHS that we could do more to reduce the number of patients presenting in the first place. That demonstrates the complexity of the health service and how it is run.

Local needs vary around the country. For example, I represent Don Valley in Doncaster in South Yorkshire, which may differ greatly on a number of health indices from Surrey and Sussex, although there will be some commonalities in other areas. It was for those reasons that we felt that we could not micro-manage hospitals and services from the centre and that it was right and proper, while having a national framework, to ensure that decisions about health service needs were made at a more local level.

A number of concerns have been expressed today about St. Richard's and its financial situation. I agree that the trust and other local NHS organisations in Surrey and Sussex are facing significant financial challenges, but I am assured that people are trying to address them. There is no easy solution in some of these areas. I will try to respond to the specifics today and if I do not cover everything in the time that I have left I will write to hon. Members.

First, as has been pointed out, performance at the trust has been consistently good, and I pay tribute to all the staff who are dedicated to the process of delivering good quality services. The trust has achieved and continues to achieve the national standards set out in the NHS plan. Published figures for May 2005 show that no patients are waiting more than nine months for in-patient treatment. Published figures for March 2005 show that no patients are waiting more than 17 weeks for out-patient treatment. Latest published figures for accident and emergency waits show that 98.8 per cent. of patients spent less than four hours in the accident and emergency department, and the trust qualified for all incentive payments. One hundred per cent. of urgent referrals for suspected cancer were seen by a specialist within two weeks.

Given those results and that efficiency, it has been asked why the trust finds itself in this difficult financial situation. Again, that demonstrates the complexities of running hospitals. It is not beyond our comprehension that, even while there are efficiencies and good clinical service, there can still be underlying problems of financial management. That is one issue that the discussions between the strategic health authority, the primary care trusts and the hospital are covering. Under the payment by results regime, the trust has a reference cost index of 90, as the hon. Member for Chichester said. That is indicative of costs efficiency and there is no doubt that under payment by results, over the next few years the hospital will benefit.

Mr. Tyrie: Could the Minister say categorically when the hospital will be able to benefit from obtaining the full national tariff under payment by results?

Caroline Flint: The roll-out is expected over the next three to four years, so I cannot give a specific answer about that hospital, but we have identified a problem in the system that has meant that hospitals such as St. Richard's have not been receiving the payment that they deserve, and that is why we have introduced the new system. I hope that the hon. Gentleman can understand that it is a national system whose roll-out must be handled carefully. However, payment by results is not the only answer to the problems faced by the trust in trying to overcome its forecast deficit of £33,843,000 for 2005–06. We know through the independent review that in October 2004 the trust reported a forecast deficit of just over £9 million. That was a significant increase on the figure in the report of the previous month. I think that the hon. Member for East Worthing and Shoreham asked how the figures could change so substantially within a month.

In October 2004, the SHA board agreed to commission an independent review to advise the SHA, among others, on whether the trust had a viable and robust plan to deliver financial balance in the current financial year and on a long-term sustainable basis. The review found that the trust had not taken decisive action early enough and had relied on the availability of non-recurrent funding and the prospect of a lasting solution. In addition, the financial recovery plans and contingency plans were not considered

deliverable. The independent review was presented to the trust and in December it accepted all the recommendations, including the recommendations to consider a more focused approach to recovery planning and to examine critically all the areas for cost savings advocated in the SHA's "improving financial health" guidance. So the hospital has acknowledged that it is not just a question of how payment by results will help it in future and that it has to consider the problems of financial management overall.

In March the trust's auditors, PricewaterhouseCoopers, wrote to the trust board expressing concern about the financial standing of the trust and issued a public interest report. The report advised that arrangements should be put in place to support the trust's cash position while it recovers, that the trust needs to put in place a cash management strategy that enables it to return to normal supply and payment practices, that that should be done in partnership with the Western Sussex PCT and the SHA and that the Department of Health should be involved if necessary to ensure that the needs of the local health economy are addressed. It is a complex situation.

Mr. Tyrie: By far the most important single sentence in the PWC report to which the Minister refers is the one that states that an increase in the trust's activity level

"has not been matched by a similar increase in income."

The Minister has said that the hospital has not been receiving the payment that it deserves for its treatments, but at the same time she seems to be suggesting that even if it had been, it would still have a financial problem. All the people who have considered this matter extremely carefully have concluded that that is not the case. If the hospital were properly paid for the treatment that it was providing, there would not be a deficit at St. Richard's; there would be a surplus. That is the nub of the problem.

Caroline Flint: I am not convinced that that is the only part of the problem. There are other areas of deficiency in which the hospital has to address how it runs the organisation and how it can improve. For example, there have been difficulties and work has been done on reducing the length of stays in emergency admissions. A number of other issues are included in the discussions with the SHA and the Department of Health on improving the way in which the hospital's finances and services are managed. The issue is about much more than just how payment by result will help to ease the situation.

Rationing was mentioned earlier in the debate. The local NHS must ensure that it uses its resources to commission appropriate levels of service. Over the next two years, PCT income will increase by some 17 per cent. PCTs can commission for required levels of activity and service, but there must be local discussion about what services and activity the commissioning trust wants.

Mr. Gibb: But how will issues such as the length of stay in hospitals be dealt with if the number of district nurses is simultaneously cut by 30 per cent.?

Caroline Flint: I note the hon. Gentleman's point about district nurses. I do not have full details about that situation, but PCTs, SHAs and trusts have responsibility for assessing capacity and work force requirements for the services that they are to deliver. In doing that, they must consider the issues surrounding services in the community and in the hospitals. There must be some synergy in determining when people leave hospital and the services that would be needed in the community to shorten a hospital stay, if that is appropriate, but I cannot comment in detail on the case mentioned by the hon. Gentleman.

As I said, the local NHS must ensure that it uses its resources to commission appropriate levels of service. Although the Royal West Sussex NHS Trust is efficient in several areas and is rated highly, there is an understanding that more needs to be done in respect of its overall financial accountability. Every year, it has failed to break even or to recover its position, so the debt problem has accumulated. I give the example of a neighbouring trust, the Worthing and Southlands Hospitals NHS Trust, which is in circumstances similar to those of the Royal West Sussex. It has a relatively low reference cost. It is funded at a similar tariff, yet it broke even in the financial year 2004–05. I am not saying that every trust's situation is exactly the same, but we must look more deeply into why another trust in similar circumstances seems to be doing better in certain areas.

Mr. Tyrie: The Minister said that we need to look more deeply, but she has failed to provide anything of substance when she does that. As far as I can tell, the only thing that she has come up with so far is the suggestion that, despite the fact that the hospital is more efficient than almost any other and despite the fact that it does extremely well on almost every indicator, it needs to shorten the length of stay in hospital. However, it already has among the shortest stay lengths of any hospital trust.

Caroline Flint: That was just one example. The fact is that the hospital has failed to deliver robust recovery plans—that is part of the discussions at present. *[Interruption.]* It is one of the reasons why the public interest report was published and why the SHA and others are working very hard with the trust to deal with the situation and to resolve some of its problems. I am sure that the SHA would be happy to speak with hon. Members in more detail, should they require it, about some of the other issues around recovering the situation—it is not just a straightforward matter of cutting services. Improving services and making them more efficient is not always about more money; it may be about making better use of resources.

In the time left, I wish to say something about super-hospitals. As I have said before, we have no plans to dictate on super-hospitals. It is for local commissioners to decide, in the interest of their local communities, what services are needed. The fact is that more money has gone into the NHS under this Government than ever before. PCTs will receive large increases during the next two years. Financial management accountability is absolutely right and proper, and that means that we must analyse clearly the small number of organisations that are going into deficit.

On-course Betting

11 am

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): The Minister may find, as I did, that this issue is immensely complicated; but he will know that on-course bookmaking on an approved race course is rendered legal by reason of the provisions of section 1(5)(a) of the Betting, Gaming and Lotteries Act 1963. As well as responsibility for the administration and conduct of on-course betting rings, the National Joint Pitch Council—NJPC—has a stated aim of encouraging the continuing development of on-course betting markets for the benefit of racegoers, bookmakers, race courses and, through a strong starting price, off-course punters.

Prior to 1998, most in the industry recognised that there was some need to modify the structure of on-course betting. That is why it was recommended by the Horserace Betting Levy Board review committee and agreed by all interested parties that the seniority system used by the old regime to determine pitch positions be maintained in principle, but amended to provide greater flexibility. A system of transferring seniority by auction was then introduced by the expiry date of 7 October 1998. The old regime lists of bookmakers at each racecourse were to be merged into a new methodology for determining the various pitch positions. The NJPC was meant to design this methodology, which had at its heart the existing seniority of bookmakers.

I am concerned, however, because what I have seen and what I have heard from several people suggests that the NJPC utterly failed to implement the methodology fairly, impartially and reasonably.

Ms Celia Barlow (Hove) (Lab): I thank the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) for giving way, and I should like to support his raising of the issue by highlighting the case of my constituents Donald and Garry Morrill, who have been adversely affected by the changes introduced by the NJPC. At their home racecourse of Brighton, they had a seniority position of No. 6 in 1998; however, after the changes, they were allocated position No. 14. Such changes have been reflected at race courses throughout Britain, and it has caused my constituents a great deal of financial hardship.

Mr. Duncan Smith: The hon. Lady will find that we have become one family, because one member of that family lives in my constituency. We may be looking across the Chamber at each other, but perhaps we have just joined hands. I hope that in doing so I do not ruin her future career.

I became concerned about this matter, because the more I looked into it, the more I realised that the process had been skewed at the outset. I rarely apply for Westminster Hall debates or for Adjournment debates in the House unless I think that a genuine injustice is taking place, and I really believe that that is the case.

I have become interested in the matter, much like the hon. Member for Hove (Ms Barlow), because my constituent John Morrill, from the same family, and all his other relations to whom she referred, have all been involved historically in the industry. Their livelihoods have been damaged as a result of the NJPC's failure to do as it was meant to. However, the Morrill family are not alone. Many more have suffered as well, but they have been unable for various reasons to take up the issue. Part of the problem is that when bookmakers have challenged the process, the NJPC and the Horserace Betting Levy Board have failed to provide any clarity or define why there were discrepancies and why the methodology was not evenly applied to national, consistent criteria, as agreed by all parties.

My constituents and those of the hon. Lady trade under the name H. Murrel and Taffy, and between them they have many years' experience of trading as on-course bookmakers. In 1963, Mr. Don Morrill was granted a bookmaker's permit under the provisions of the 1963 Act. The family business of bookmakers has been conducted by John Morrill's family, Don Morrill's family and now Garry's family since 1929, when their grandfather started the business in his own right. The business has strong family links.

A seniority listing means everything to a bookmaker, so the start date when they commenced trading is crucial. It is vital, and I say to the Minister that until one gets one's head around that point, it is difficult to understand these matters. My constituents and those of the hon. Lady, like all other bookmakers, guard their start dates as most of us would guard our birth certificates. Ultimately, they are the only asset that a bookmaker has.

At the heart of the present failure lies a discrepancy. Although the NJPC agreed that it would incorporate the existing seniority lists from the different bookmakers' protection associations, it has admitted—in part and rather grudgingly—that it did not do that as per the agreement. After it contrived the methodology, it now seems to be blaming everyone else for why that did not take place. For example, I have a letter that was sent by the then chief executive of the NJPC on 6 November 2001 to a constituent of mine. The letter states: "The Southern BPA lists"—the seniority lists—

"were not complete and as such continuity of the information on dates was not available. However, this had no effect on the determination of the Bookmakers List."

That is utter nonsense. As I understand it, he is backed up by Mr. Brack—I want to come back to this—who states quite a lot that there is no connection between the bodies and talks about their being independent, yet the words used almost seem like they were drafted by the same person.

In a statement in 2004, Mr. Brack said: "The affiliated associations"—I have referred to them already—

"for the Southern ... and Welsh ... areas were unable or unwilling to supply their own lists."

One would think that the process could not be undertaken if they did not supply their lists, yet my constituent wrote to those same groups and received a letter stating that

"at a meeting held at Brighton racecourse, Richard Marriott (NJPC) did congratulate the Southern BPA in supplying the allocation, seniority and waiting lists to the NJPC in a prompt and efficient manner, as witnessed by Mr. A. H. Styles."

Another letter went on to say that

"the seniority lists of the southern BPA were in order at the time the NJPC took over in October"

of the same year.

Let us take the version from the levy board and the NJPC and compare it with yet another document, which is a letter that was written almost at the same time, in 2001. It was from the same person, Mr. Reams, who was the chief executive who made the previous statement, and was written to a Mr. Overton, who was involved in the industry. Mr. Reams answered a question from Mr. Overton by stating:

"I can confirm that the methodology used to determine commensurate seniority was based on commencement dates in the ring either of you personally or you as an inheritor."

That completely knocks the first view on the head. How can there be any seniority if apparently the lists were never received and if they were not in order? Yet, somehow, in that letter, Mr. Reams is able to assure the individual concerned of his seniority. That is utter nonsense.

My constituent and others have been involved in this dispute with the NJPC for nearly six years and are no closer to an agreement. Even a cursory glance at this process suggests that the NJPC is engaged in a protracted attempt to grind down my constituent and the hon. Lady's constituents in the hope that they have a limit to their resources that is less than that of the NJPC.

Perhaps there is a need to explain why this argument over seniority matters so much. I will attempt to do that. From October 1998, the NJPC introduced a new system of seniority whereby the seniority positions held by bookmakers became seniority positions on what is essentially a picking list. That resulted in a modification to the seniority system in that those on the bookmakers' list for a ring became entitled, in order of number on the picking list, to choose their pitch in order of seniority, instead of simply being allocated the next highest numbered pitch available after allocation to more senior bookmakers in the ring.

The 1998 rules also enabled and permitted trading in seniority positions so that a seniority position now had a realisable capital value—I want to return to that later. For my constituent and others, we are talking about something that is significantly less than was the case with the equivalent positions that they held in 1998—the hon. Lady has alluded to this—because they have been given an improper allocation pick from which to choose a pitch. The position of the pitch is all-important. It helps to determine market price and the access of would-be punters.

The relationship between the NJPC and the levy board is well worth considering. I advise the Minister to think carefully about this. We hear constant assurances that they are separated. I know that the levy board is due to be wound up, but I do not think that that has a bearing on the matter because the history of this is part of the injustice. I am concerned about the peculiar nature of the relationship.

The NJPC derives its powers from the certificate of approval granted to racecourses by the levy board. Recently Mr Brack, chief executive of the levy board, said in an interesting statement that it is not

"part of the HBLB's role to ensure or guarantee the correctness of each and every decision of the NJPC."

He goes on to say:

"The NJPC is an independent body whose presence, role and continued effectiveness the HBLB insists upon as part of its approval for racecourse betting."

That is interesting, but if it is so independent, how is it that the levy board has the final say on the rules governing the operation of the NJPC? If it is so independent, how is it that the levy board also contributed about £50,000 towards the costs incurred by the NJPC in dealing with Office of Fair Trading investigation?

The NJPC is part of the levy board's pension fund, and when I examined its accounts I was staggered to find it is in deficit by £29 million. How is it that the levy board, which is involved with the NJPC, has decided to sort out, resolve and pay off that deficit with no reference to the fact that the NJPC is a partner and should also make some contribution? It is also a matter of some concern that this money should be used for that purpose in the first place. That is the most peculiar independence I have ever heard of. It is certainly is not the definition of the independence applied to a nation state, and it does not apply here. Those bodies are not independent: they are one and the san...

I am concerned that the NJPC, under that guise, has gone on to create further confusion because it has said that it is not contractually bound or obliged to the bookmakers. Oh really? I thought that was what it was set up for in the first place. Every day, as I understand it, if a licensed bookmaker wishes to operate from the ring, they have to sign the official badge box list and attendance register and pay £11 to the NJPC. One might ask, "What for?" I would like to read what is written on that list that must be signed every day, and on the badge that the racecourse supplies:

"The issue of a betting badge is conditional upon the Bookmaker, his Authorised Representatives and employers agreeing to be bound by the provisions of the National Pitch Rules and the Rules of Racing."

It also states that the rules are

"promulgated by the National Joint Pitch Council".

On the badge from the racecourse it states categorically that the racecourse

"reserves the right at its discretion to expel anyone who fails to comply with the above"—

that is, the rules of the NJPC. If it has no obligation or contractual obligation, what is the money for? Why are the bookmakers forced to sign some sort of contract, and what is the point of it all? One might ask what the point of the NJPC is in the first place if it discharges all of its responsibilities by a series of denials.

I turn to another area of real concern about the operation of the NJPC. There seem to be many concerns about the way in which some of the earlier—perhaps even current—transactions and sales of pitches were conducted. That leads me to concerns about the possibility of fraud. As we know, the NJPC retained a monopoly on the sale of pitch auctions: from 1998 to December 1999 it had a sales hammer turnover of £22 million which earned it a commission at 12 per cent.—before it was forced to reduce it—of £2 million in that year. However, I am concerned about how those matters were accounted for, which has led to suggestions of insider trading.

I shall draw the attention of the Minister to some documents that I have. When the NJPC conducted its business the rules were very clear. It was not supposed to deal with people who did not have a bookmaker's licence. However, I have a letter from the NJPC to a

[Mr. Duncan Smith]

Mr. Nickels and an invoice that shows that the sale of what was essentially a bookmaking business took place to a Mr. Hyman. The NJPC confirms that:the sale of what was essentially a bookmaking business took place to a Mr. Hyman. The NJPC confirms that. It states:

"Mr. Hyman's first permit was registered with Basildon Magistrates Court on 13 July 1999."

The sale took place in December 1998—one year before that. So, the NJPC broke its own rules. It also broke its rules because it is supposed to sell not to an individual but to a registered company, which did not happen in this case. Furthermore, I have seen documents relating to much of the same process that show that the amount that the business was sold for did not go through the books properly. We are talking about a private sale—not the sale of a company—for £25,000, yet the invoice received from the NJPC, which includes its commission, demonstrates that the business was sold for a lower price.

I do not have reams of evidence, but I suggest that there are real problems and issues concerning what took place in the early years. There is a general undercurrent of feeling that if such things were happening in the City of London, we would not tolerate them. We would have looked into the problem. It would be referred to as insider dealing, which is not acceptable. However, because it is affecting racing, nobody really cares.

My last concern, which I want to explain to the Minister clearly, is about the way in which the new process for selling pitches opens the door to abuse, without proper checks and balances in the form of an organisation that we have respect for and believe has responsibility. I do not believe that the organisation has responsibility. Criminal money, possibly from outside the country, may be used. We hear stories abounding about Russian money and about others intent on perverting processes for their own ends. There is lots of money available. We have seen money travelling in a way that was not seen previously.

If an organisation gets control of certain pitches by the rails, it can begin to control the starting price. Controlling the starting price can lead to a skewing of what is, essentially, a marketplace. There are no checks and balances in which I have confidence. I have confidence in the organisation that is meant to be looking after the issue, but what I have read so far demonstrates that it is an organisation in which we can have little or no respect or trust. That is what my concern is about. Opening the door to large sums of money and possible future control without real checks and balances could be an absolute disaster.

The view of punters is much the same. They believe that the reduction in the number of those doing business in the ring leads to lack of real competition. The OFT agrees with that. Michael Singer, the former chairman of the National Association for the Protection of Punters, has said that

"choice is now very limited for punters. They cannot bet small amounts easily anymore, which is a shame. The big boys take over and the long established bookies get pushed aside".

There is no other course but for a proper investigation of what is going on. The running and control of betting should be of serious concern to us. The concerns are that the industry is not under control. I understand why the NJPC is doing its level best to draw a veil over its early operations. It knows that once those operations are opened up to scrutiny, many bookmakers will apply to have their damaged careers rectified by the NJPC. It is blocking that.

The concerns about possible criminal involvement in the sale and purchase of pitches will grow. We need to do something about it now. Newspapers—the *News of the World* and others—are full of such stories. That is why I say to the Minister that an inquiry is required. The running of an important industry cannot continue without proper checks and balances. Were this any other important industry in Britain, that point would be accepted.

More particularly, those in my constituency, the constituents of the hon. Member for Hove and others demand natural justice. If the House stands for anything, it is to ensure that people such as those constituents, who are not big individuals in the business world, cannot be crushed by others and have their access to justice swept aside by those who refuse to give them proper redress. Those responsible for the issue are also responsible for decency, fairness and ensuring that the industry deals with such cases in a proper and reasonable manner. My constituents, those of the hon. Lady and many others demand that they get a proper hearing. I believe that we, and the people of Britain who take an interest in the matter, have the right to demand that an inquiry should take place before things get out of hand.

11.20 am

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): In initiating this debate the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) has usefully drawn attention to a subject that is of tremendous interest to his constituents and to the constituents of my hon. Friend the Member for Hove (Ms Barlow), who made an intervention earlier. Some serious allegations have been made, and it is right and proper that I use the 10 minutes available to me to address them.

The issue is sensitive, and it would be inappropriate for me, as the right hon. Gentleman knows, to comment on the particular allegations that he made, particularly because those allegations are currently before the courts. There is a strict rule in the House that Ministers do not refer to matters that are currently before the courts.

I could not agree more with the right hon. Gentleman, however, that on-course bookmakers must, like all other sectors of the gambling industry, be properly regulated. In particular, I agree that it is essential that gambling should be crime-free, and carried out in a fair and open way. Those were the key objectives of the Gambling Act 2005, on which there was cross-party consensus. The Act will, for the first time, bring bookmakers within the jurisdiction of a new national regulator, the Gambling Commission. I want to return to that point but, given what the right hon. Gentleman has said, it would be useful for me to start my response by outlining the history of the establishment of the National Joint Pitch Council, the involvement of the Horserace Betting Levy Board and the Government's association with those bodies.

As the right hon. Gentleman will know, the levy board is a non-departmental public body established by the Betting, Gaming and Lotteries Act 1963. Its main functions are to collect payments from bookmakers and to use them for the three statutory purposes set out in the 1963 Act: the improvement of breeds of horses; the advancement and encouragement of veterinary science or veterinary education; and the improvement of horse racing. Since 1972, the board has also had the responsibility for issuing certificates of approval to race courses, and providing for the location of betting rings for on-course bookmakers at those race courses.

At that time, the National Association of Bookmakers had responsibility for the administration of betting rings, under agreement with the Racecourse Association. However, in 1997, after seven years of disputes, that agreement was terminated by the Racecourse Association. In order to ensure that the betting rings were properly administered, the levy board instigated a review. Following an extensive consultation with all parties, it recommended that a new administrative body, to be known as the National Joint Pitch Council, should be established. It is a condition of the levy board's certificates of approval that race courses observe the national pitch rules that the board has endorsed. There are extensive rules on the conduct of those races—I do not know whether the right hon. Gentleman has studied them.

It is important to say that the NJPC is not a public body. Its functions are essentially administrative, and relate to the conduct of bookmakers on the race course. In a sense, it replaced an old perceived evil of the system being dead men's shoes—that is someone has something for life, passes on and someone else comes in. It was an administrative commercial arrangement between bookmakers on the race course. The NJPC introduced modernisation into betting.

Mr. Alan Meale (Mansfield) (Lab): I appreciate the Minister's explanation of matters, but I do not agree. I pay tribute to the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith). He made a marvellous introductory speech. The changes were less about new administrative rules and more about race courses selling pitches to the highest bidder. The fear that was expressed about the opportunity for people to move into racing to launder money is a real threat. Indeed, some one-day pitches were sold for enormous sums, such as £50,000, £60,000 or £70,000. My hon. Friend the Minister cannot slip aside such matters by saying that such practice was the result of new administrative measures. That was not the truth; it was about getting large sums to race courses.

Mr. Lammy: Such a practice was clearly used to change the old arrangement, which was dead men's shoes. It established an auction and is a commercial administrative arrangement. Of course, it is important to bear in mind that all bookmakers are licensed by magistrates throughout the country. The right hon. Member for Chingford and Woodford Green will know that, whenever there is a commercial arrangement, there is money behind that arrangement.

The right hon. Gentleman made serious allegations about the nature of the money. Of course, the Government are concerned about money laundering and bad money, but there has been an Office of Fair Trading inquiry. As for the particular case referred to by the right hon. Gentleman, two court cases have been lost or dismissed. In that sense, it is important that the Government deal with matters on the basis of the material that is available to us. He suggested that the introduction of the open auction of on-course betting pitches has allowed potential fraud or crime to infiltrate the market. He further implied that the NJPC is complicit in that infiltration.

It is important, as the intervention of my hon. Friend the Member for Mansfield (Mr. Meale) indicated by, to say that the auctions are open auctions for pitches that have been implemented by the NJPC at the request of the levy board to ensure greater freedom and transparency.

Mr. Duncan Smith: The auctions are not all open auctions. There are now private sales. The document to which I referred earlier covered unofficial private sales that no one has checked. It is that failure to keep a proper check and balance to which I draw attention.

Mr. Lammy: I am grateful that the right hon. Gentleman made clear the nature of the matter that he has introduced today. I took the opportunity to study the existing auction rules. They are extensive and they are available. I also contacted the levy board and asked whether the matter had been raised by the right hon. Gentleman in the past year with its chairman, Robert Hughes, former chief executive of the Local Government Association, and its deputy chair, Sir John Robb. There has been no such relationship in the past year, but the rules stand as they are; they are there to be interpreted.

The right hon. Gentleman will know that the Government have brought forward legislation and have said that they want to regulate gambling with the Gambling Commission, which will take over from the Gaming Board. An allegation of fraud or corruption must rightly be considered by the courts, the police and others and, to date, that has not led to a prosecution or conviction. When rules exist, individuals will choose to challenge them to say that they are unfair.

11.30 am

Sitting suspended until half-past Two o'clock.

Neighbourhood Policing (West Mercia)

2.30 pm

Mr. Edward O'Hara (in the Chair): As this is a debate of local interest and a number of hon. Members wish to make a contribution, it is likely that, in accordance with Mr. Speaker's ruling, the Front-Bench Opposition spokespersons will be limited to five minutes each.

Mr. Michael Foster (Worcester) (Lab): I am grateful that so many colleagues are present today to debate neighbourhood policing in West Mercia, particularly when they could be in Trafalgar square celebrating with what seemed to be a lot of other people. I welcome the opportunity to have this debate. Policing was an issue on the doorsteps of pretty much every local housing estate and local community that I visited during the recent election campaign. It is good so soon after it to have the opportunity to talk about policing, primarily in west Worcester, but focusing on South Worcestershire division and, importantly, Worcester city itself.

I shall begin by outlining a few facts about West Mercia constabulary. The Minister will be aware of them, but it is useful to put into context what I want to say about neighbourhood policing. West Mercia is the largest land-locked force: it covers an area of 7,429 sq km. It is the fourth largest police area in England and Wales, with a population of just over 1.1 million people. There are the equivalent of 483 people to every police officer in West Mercia, compared with an average for English non-metropolitan forces of 461, so just to reach the average, West Mercia would need an extra 100 police officers.

The constabulary works with 13 crime and disorder partnerships, two two-tier county authorities and two unitary authorities. It covers 652 parishes and 298 council wards, and it holds the Investors in People standard and the charter mark. It has 2,422 police officers, 1,657 staff, 300 special constables and 83 community support officers. The net budget of West Mercia is £172.8 million, and it has a cost base of some 95 per cent. of the average police force per head of population. It is one of the least well-resourced authorities in the country. Its spend of £141.97 per head compares with £151 for the average shire force. It would need an extra £9 million to become average in terms of its funding.

Having said that, West Mercia has consistently met, indeed exceeded, its 2 per cent. efficiency targets for each of the last five years. Since 1999–2000 it has produced £19.8 million in efficiency savings. It is a low-spend police force, but there is real concern on the doorstep about the balance of funding for the police between Government grant, on the one hand, and local council tax. Government grant, at £92.24 per head, compares with £107.16 for the average shire force, whereas the local council tax precept for a band D property is £143.17, compared with £83.68 for neighbouring authorities.

Having outlined the issues about resources, I wish to focus on performance. West Mercia has improved tremendously during the last 12 months. Recorded crime is down by 11 per cent.; the sanctioned detection rate is up by 5.4 per cent.; domestic burglary is down by 19 per cent. in volume and the detection rate has gone up by 6 per cent.; for vehicle crime, there has been a 10 per cent. reduction in volume and a 4 per cent. increase in detection; and for violent crime, a 15 per cent. reduction in volume and a 4 per cent. increase in detection. I shall repeat that figure, Mr. O'Hara, because it cropped up a lot during the election campaign: violent crime has gone down in West Mercia by 15 per cent. Perhaps next time accurate statistics will be used in local election material in the West Mercia area.

The constabulary has developed four tracks of policing: responsive policing; targeted policing; local policing; and partnership policing. In doing so, it has laid effective foundations for neighbourhood policing, especially in establishing the role of local beat managers and realigning boundaries with those of local partners. West Mercia did that at a time when many other police services were structured almost entirely around a demand-led, reactive police model.

West Mercia's chief constable, Paul West, has identified four local neighbourhood policing principles, which support and complement those that the Home Office is developing nationally. They form the basis of the minimum standard of service that he would like to ensure is delivered to all local communities in the force area. First, members of the public should be provided with up-to-date and easily accessible information concerning their local beat police officer, including details of the geographic area for which they are responsible, their name and contact details.

Secondly, local beat officers should work as part of a team and be able to draw on generalist colleagues to provide cover when they are unavailable and on specialist support to deal with more complex problems. The team should also include at least one community support officer available to provide high-profile foot patrol deployment in response to local need.

David Wright (Telford) (Lab): I congratulate my hon. Friend on securing the debate. Does he agree that community support officers have been invaluable in recent years in West Mercia? We have a scheme in Telford whereby a number of community support officers are allocated to key wards that require regeneration and they often patrol in partnership with police officers so that they have all the powers at their disposal. That increases the number of visible uniformed officers in communities when they are needed and in the right places.

Mr. Foster: I absolutely agree with my hon. Friend—community support officers are vital. Later in my speech I will talk about a CSO on my patch to demonstrate the high visibility nature of his police work as well as the active community work that goes on, which is often unsung and helps to build up trust in the police force.

The third part of the neighbourhood policing model laid out by Paul West is that local policing teams should be led by nominated supervisors and should have well-established and formal links with other public and voluntary sector agencies that also provide daily services, such as the local authority, the housing association and social services.

The fourth element of the model is that schools, both primary and secondary, should be considered integral features of local communities and be served by local officers and local policing teams. My right hon. Friend

the Minister for Schools is unable to be here today, but when I asked her about neighbourhood policing in West Mercia, she told me about PC Dave Wilkins from Redditch, who is heavily committed to the community that he serves. His work extends from surgeries to work with schools, which includes doing assemblies, issuing newsletters and raising issues such as fireworks in the autumn, or parking and antisocial behaviour. Outside those general duties he meets local residents to try to resolve minor difficulties and disputes—the sort that we often get involved with as Members of Parliament.

PC Wilkins is often on the beat, but he also spends a lot of time developing and organising community events such as the annual Redditch fun run, a community theatre group or even local environmental projects. His work means that he touches a lot of people's lives but, crucially, his contacts are not always about crime. His community knowledge, his contacts and his early intervention in problems are actually vital in his work to tackle crime and the fear of crime. My right hon. Friend said that Redditch is lucky to have officers like him.

To colleagues, supervisors and, more important, the public in Worcester, Giuseppe—Joe—Facciano, a CSO from the Barbourne beat, is a round peg in a round hole. He willingly goes the extra mile. Joe cares passionately about his beat and is genuinely upset by damage, litter and antisocial behaviour. In his professional time and his own time he contributes to community well-being. His ready rapport with elderly residents, a group who often feel vulnerable in today's world, helps enormously and, along with his accordion playing at community events, is an example of the voluntary commitment that he makes to the people of Barbourne.

Beat manager Paul Green says that the drop in crime since Joe's arrival is not coincidental. Joe's relationship with local people is impossible to quantify accurately, but it raises the community's perception of the importance and value of community support officers and perhaps refutes some of the scepticism that can be seen in the claim that CSOs are a poor substitute for "the real thing".

The South Worcester division of West Mercia was restructured in 2000, to create local policing units that are coterminous with the local government boundaries, at parish, town, ward and district level, in order to accommodate the requirements of the Crime and Disorder Act 1998 for police to reduce crime and disorder by working in partnership with people in the districts. The arrangement was completed when West Mercia restructured the basic command unit in Worcestershire to bring all of Malvern hills into the south Worcester division in 2003. That division is headed by chief superintendent Simon Adams.

There are three district commands within south Worcestershire, each commanded by an inspector, who is the point of contact for the local council. The concept of beat management is established across the community, with the principle that every member of the community can identify with a named constable in the area in which he or she lives, works or attends school. That constable's remit is essentially about problem solving and facilitating partnership solutions. The area of a beat manager's responsibility is arranged around parish, town or wall boundaries and the size of the area is determined by the work load and the geography.

In rural areas of the division, parishes are typically clustered into a single area, whereas Warndon parish in my constituency is served by two officers because of its sheer size and the amount of work involved.

David Wright: Does my hon. Friend agree that it is important, wherever possible, that we get officers out of motor vehicles and back on to the streets? For example, in Madeley we have an excellent project in which police use bicycles to get around the town. Obviously, that cannot be done in large rural areas, where there will always be a need for motor vehicles. However, in smaller towns and villages, and in urban areas, we need to encourage police officers and community support officers to make sure that they are not in motor vehicles, but are seen on the street, using bicycles and Shanks's pony.

Mr. Foster: I do not disagree with my hon. Friend. I suspect that a new town such as his has modern estates with many paths and alleyways that cars cannot get through, but to which people who want to cause trouble have ready access, and where the most suitable ways of chasing criminals are on a bike and on foot.

Mark Pritchard (The Wrekin) (Con): I congratulate the hon. Gentleman on having brought this debate to Westminster Hall. Does he agree that, while the hon. Member for Telford (David Wright) is correct that police officers need to get out of their cars more, they need to get out of them and on to the streets, not into council offices, which seem to attract endless meetings? Clearly, there is an argument for working together to reduce crime in all our communities, but there seems to be an epidemic of meetings. Finally, in this brief intervention—

Mr. Edward O'Hara (in the Chair): Order. The hon. Gentleman has made his point well.

Mr. Foster: I am grateful to the hon. Gentleman for his intervention, and I am glad that it was brief. In my experience, the result of some of the meetings that police officers attend, working in partnership with local community leaders, is to stop crime right at the beginning. That has got to be better than having a responsive police force. It is far better to prevent things at source than to wait for them to happen and then chase criminals on foot, by bike or in a car. However, I accept the general thrust that police have to be more visible out and about in their local communities.

Peter Luff (Mid-Worcestershire) (Con): The hon. Gentleman was generous and correct enough to name a number of beat officers in Worcester city who do a first-rate job. He rather skipped over the divisional commander, Simon Adams, and the individual inspectors of the command units in south Worcestershire. Does he agree that one of the reasons why neighbourhood policing is working so well in the area that we both represent in Parliament is that the individuals concerned, Simon Adams and, in my case, Steve Brooker, are reaching out to the community and making themselves accessible to organisations and individuals? They deserve to be praised.

Mr. Foster: Towards the end of my speech, I was going to give huge plaudits to Chief Superintendent

[Mr. Foster]

Adams, who is in charge of the whole division. Certainly, the inspectors at district level are fundamental to the leadership in the police force. In each district the team of managers is supervised by a dedicated sergeant, whose remit is to support the inspector for the patch in crime and disorder reduction, and the beat managers are supported by community support officers, special constables, district council wardens, outreach workers and neighbourhood watch. They are all part of the local policing team. On top of that, police officers patrol the hot spots and areas that the local policing team sometimes cannot get to. We have to acknowledge that beat managers also have the support of specialist units, including the antisocial behaviour team, crime prevention officers, school officers, intelligence analysts and the county council's joined-up information system, all of which helps to target police resources where they are needed and particularly in local communities.

Bill Wiggin (Leominster) (Con): Does the hon. Gentleman agree that probably one of the nastiest and toughest jobs that the specialist officers and, indeed, all police officers have to do is to deal with people who have been injured or killed in road traffic accidents and their families? Does he further agree that a great tragedy is taking place on the A49, particularly at Ashton, where there has been another accident in the same black spot and again the Highways Agency has failed to act?

2.45 pm

Sitting suspended for a Division in the House.

3 pm

On resuming—

Mr. Foster: I was just about to respond to the hon. Gentleman. Ashton is a small village about 5 miles north of Leominster. The A49 has some quite severe turns there and it has a known accident record. I hope that the Highways Agency has taken note of what he said and will do something that will satisfy the hon. Gentleman and the residents of Ashton.

Beat managers have been tasked in south Worcestershire, through the national intelligence model process, to assist in other areas of policing, such as gathering intelligence and assisting in managing potentially dangerous offenders and those identified as prolific or persistent offenders. The south Worcestershire crime and disorder reduction partnership was formed from a merger of the three district partnerships.

The resulting single partnership works better with other bodies such as the health service and the fire service. The key role that is now played by youth outreach workers in tackling antisocial behaviour, which was first piloted in Worcester, has now been deployed across the whole of the south Worcestershire division. Key rural safety initiatives have been set up under West Mercia constabulary. I am sure that hon. Members who know more about rural policing matters may mention them too.

I should like to spend some time talking about the antisocial behaviour strategy in south Worcestershire, particular Worcester, because it is key to what local communities understand by neighbourhood policing. It is how the low level crimes and disorder that go on in their local communities are tackled.

Mr. Paul Keetch (Hereford) (LD): The hon. Gentleman mentioned the antisocial behaviour unit. Does he have any comment on the alleged remarks of Ms Louise Casey, whom we heard on our radios this morning complaining about the relationship between the Home Office and No. 10 and expressing her personal views about antisocial behaviour. They are views that I suspect he and the Minister would not share.

Mr. Foster: I have not heard the full details of the recording that was made of Louise Casey's speech, but in my dealings with her I have been nothing but impressed with her as an individual and with the ability and life that she brings to her job in the antisocial behaviour unit, as she did in the homelessness unit before that.

Initially the antisocial behaviour strategy in south Worcestershire was led by the police, but it is now firmly established as a partnership approach to dealing with behaviour. It is based on the principle of social inclusion, achieved through diversion and behavioural change before enforcement so that longer-term benefits can be won for the community and the individuals themselves. The division has also maximised opportunities provided by legislation so that they can reduce the demand that antisocial behaviour places on the responding nature of the police service.

The process to deal with antisocial behaviour goes through four levels. At level 1 there would be a letter to the offender and their parents. At level 2 there would be a personal visit to the offender and the parents by the beat manager and perhaps an outreach worker. Level 3 would be a multi-agency meeting to discuss and address the issues with the offender and their parents, a plan of action, restorative justice and perhaps even mediation. Level 4 would be the application for the antisocial behaviour order.

The results for 2005 have been most encouraging. The antisocial behaviour team received 1,906 referrals at level 1. Of those, 328 went to level 2, 57 to level 3 and 26 to level 4. Having been successfully dealt with at level 1, 81 per cent. of offenders did not come to police notice again. That also means that there will be a reduction in demand for further police time. Only 1 per cent.—26—were the subject of an ASBO application. That has to be a good sign in terms of how antisocial behaviour is dealt with in local neighbourhoods.

The use of legislation has been paramount to south Worcestershire in trying to problem-solve. We believe that we are the first in our area to implement a dispersal section 30 order under the Anti-social Behaviour Act 2003. Warndon villages were subject to the order to provide the local community with immediate relief from a long-term problem. Last year, 34 notices were issued under section 59 of the Police Reform Act 2002 to tackle the boy racer syndrome in our area.

The antisocial behaviour team is led by Sergeant Chris Allen and served by Constable Tina Dodd, MBE, a police staff investigator, an analyst, clerical support, an employee on secondment from the county council, and council outreach youth workers. Interestingly, the

chief constable has now directed West Mercia constabulary to implement that approach throughout the force, so what started in Worcester was implemented in south Worcestershire and will be implemented everywhere else in the force. Importantly, the process is now being used to shape the division's response to providing a process to manage the prevent tier of the prevent and deter strand of the PPO scheme.

The Elgar project is a joint project between the division and the local probation service to enhance support to offenders serving drug treatment and testing orders. Support is being provided by a police staff employee, a retired detective called Rocky Hudson. The project has been evaluated, and is seen to be more successful than DTTOs without support. Anecdotal evidence also suggests that the scheme has contributed to a reduction in vehicle crime in the area.

The division is also involved in planning for real projects in local communities, which is another important interaction. It has introduced an unmarked vehicle fitted with an automatic number plate recognition device, which was bought under the devolved financial management regime at West Mercia.

The division also engages with the voluntary sector. There is a counter service at Broadway, Evesham community contact centre is open, and the police are in negotiation at Upton upon Severn to allow the community access to a wide range of local services, including the police, all at one centre.

Peter Luff: The hon. Gentleman just referred to the Evesham community contact centre. It is worth putting on record what a phenomenal success that innovation has been. I have stood behind the counter at the centre and seen the way in which police staff interact with district council and county council staff and provide a completely seamless service, performing sometimes unpleasant duties, such as recording incidents, getting people to fill in forms and pay fines, and sometimes providing advice. It really is a first-rate initiative that deserves to be rolled out throughout West Mercia.

Mr. Foster: I am glad that the hon. Gentleman went into detail about the Evesham community contact centre, because I was hoping that colleagues who had those facilities in their patch would make the point for the record that south Worcestershire division is a leading light in taking forward the constabulary and the rest of the police force in general.

Class A drug dealing is of particular concern to neighbourhoods and communities in Worcester and elsewhere in south Worcestershire. The division has made particular efforts to focus on street dealing of class A drugs, and has co-ordinated that activity with the work of the county substance misuse team. Chief Superintendent Adams is a member of the board, whose aim is to disrupt the distribution and supply of drugs, and to increase the number of people who receive treatment.

In Worcester city, most police time is spent on the Warndon area, which is typically the area in greatest need. The police team aims to support the city council in its responsibilities under the new Clean Neighbourhoods and Environment Act 2005. New provisions in Worcester city include youth shelters in open spaces in Old Warndon and Warndon villages, surgeries held by community support officers, the shopwatch scheme, retail club and pub radio, and the city centre policing team, which works with partners from the retail forum and the city council to monitor CCTV, among other things. Two section 30 orders are in force in the city of Worcester. One covers the St. Peters estate and Tesco, and the other covers County hall.

The division also gets involved in community focus groups. My right hon. Friend the Minister will associate those with big conversation events that I have held. Those events have been held without publicity and involve local people, but the police and community support officers have come along and, importantly, action has followed, so that elements of antisocial behaviour around the Co-op on the Ronkswood estate have been dealt with to everyone's satisfaction.

The city police force has been involved in the dragon project, which targets young offenders who have been convicted of vehicle crime, with a view to achieving rehabilitation through training and vehicle maintenance programmes. The beat management team has been involved in the streets ahead project in Dines green in the west part of Worcester.

What has all that meant? We Members of Parliament want to focus on police performance and the effect on crime in certain areas, so I shall give the Chamber some detail about performance on crime in south Worcestershire and Worcester city. Comparing 2003–04 with 2004–05, South Worcestershire division has seen a 15 per cent. reduction in all crimes—that is 3,531 fewer offences—and Worcester city a 16 per cent. reduction. In South Worcestershire, there has been a 15 per cent. reduction for burglary and an 18 per cent. reduction in vehicle crime, for which there has been a 22 per cent. reduction in Worcester city. In violent crime, there have been reductions of 9 per cent. in south Worcestershire division and 10 per cent. in Worcester city. According to British crime survey comparators, the division has already achieved its three-year stretch target of a 16 per cent. reduction in all crime. It has seen a reduction of 19 per cent., and Worcester city one of 23 per cent.

On crime detection, data is available only for the south Worcestershire division, but the sanction detection rate for all crime is up by 7.7 per cent. to 31.1 per cent., which puts it in the basic command unit family position of second out of 15. Detection rates are up by 2.2 per cent. for burglary, giving a BCU family position of sixth out of 15; up by 21.3 per cent. for violent crime, giving a family position of third; up by 8.5 per cent. for vehicle crime, giving a family position of first; and up by 40.6 per cent. for racially aggravated crime, again giving the family position of first.

That brings me to the issue of race and race relations. The National Front threatened to conduct a march in Worcester city last Saturday, so Chief Superintendent Adams set up an independent advisory group that included key members of the local ethnic minority community to discuss police responses to various scenarios. The group was involved with the police's decisions and was happy. In the end, there was no march and no disorder, but members of the local community felt that they had been listened to and that their voices

[Mr. Foster]

had been heard. That is essential if we are to deal with the sensitive issue of marches by far-right extremist groups such as the National Front.

I have some things to ask of the Minister and the Government on behalf of West Mercia. Will the Minister take a closer look at the police grant formula to reduce the variation between police forces? What action has she taken to tackle the problem of police pension funding to avoid instability in the system, particularly for those involved in the budgetary process? Will she assure me that the rural sparsity grant will continue and will be index-linked in future to protect its real-term value?

Will the Minister increase the resources available to forces such as West Mercia, which have a low cost base, to afford systems to support the identification of signal crimes and disorder? They will require new capital and revenue investment. Will she allocate extra community support officers to West Mercia? The police have set a target of at least one CSO for every local beat manager. There are 114 local beat managers and 83 CSOs, so we want a minimum increase of 31 CSOs.

The Home Office antisocial behaviour unit should fund research into visible policing—I welcome that being done in Worcester—and what is meant by that term. When we speak to people on their doorsteps, they say, "We never see a person on the beat," but if they are at work in the day and locked away in their houses at night, they will never see bobbies on the beat. So, the unit should fund a project to find out what people mean by visible policing: is it actually seeing police, or is it having some other form of contact with them?

Will the Minister consider what further back-office roles could be undertaken by non-police officers to free up officers to be active in their local communities and neighbourhoods? Given the success of local initiatives, will the Home Office seek to devolve further responsibilities to BCUs and beat commanders? If so, what will they be and when will that happen?

Finally, I pay tribute to the chief constable, Paul West, and the chief superintendent, Simon Adams, for their superb work. It is groundbreaking and inspired leadership in local neighbourhoods that makes a big difference, and I hope that through my contribution and others the people in West Mercia will be more confident about the local policing that they receive.

3.15 pm

Mark Pritchard (The Wrekin) (Con): I thank the hon. Member for Worcester (Mr. Foster) for securing the debate.

I represent The Wrekin in Shropshire and I have travelled far and wide throughout my large constituency in the past three years. The message that I pick up from the people I meet is that they want neighbourhood and community policing. That has many manifestations, but the greatest demand is for regular officers on the beat. There are different ways of delivering local neighbourhood policing, such as through police specials, parish officers—which have been used successfully in Moreton-on-Lugg in the constituency of my hon. Friend the Member for Leominster (Bill Wiggin)—and community support officers.

However, although community support officers are welcome and doing a good job, many people are still concerned, first, that we do not have enough of them; secondly, that they do not work enough hours—many knock off at 10 o'clock, when many of the troubles in our market towns are just beginning and many do not work weekends, when there are a lot of problems around the leisure facilities in those towns—and, thirdly and most important, they do not have the power of arrest. I know from speaking to people in Leegomery in my constituency that many people—not just young people; young people are not the only ones involved in antisocial behaviour and crime—know more about the powers of community support officers than some Members of Parliament. They are very switched on to their human rights—more than to their responsibilities. I welcome community support officers, but, through you, Mr. O'Hara, I ask, "Please, Minister, can we have some more, and can we ensure that CSOs are not used as a back-door way of replacing regular officers with real powers of arrest?"

That leads me on to the important role of police specials. They have the power of arrest and a lot of the people involved in antisocial behaviour and crime know that. West Mercia police has been involved in the national campaign run by the Home Office to recruit more police specials. Will the Minister tell us whether the advertising has been regional and local? I have seen only national advertising, and when I recently met a senior police officer I was not furnished with the facts in response to my question about whether we had recruited from local advertising. We need local people who have expressed an interest in being a police special in their local community rather than in other places.

Peter Luff: Has my hon. Friend seen worrying figures that suggest a sharp reduction in the number of special constables serving in West Mercia? There were 280 last year, down from a high point of 613 in 1996. That sharp reduction has caused great concern.

Mark Pritchard: Yes, it is of great concern, particularly in Albrighton and Shifnal in my constituency, where we have seen a halving of the number of police specials. Many people are asking how they are supposed to have a relationship with the police if they are remote, and I believe that the more remote the local police are, or are seen to be, the harder it is for them to have a role in community policing. There needs to be a process of reciprocation. That helps the police in the form of human intelligence and gathering information on what is happening in the community, and it helps the community by allowing the police to show that they are interested, engaged and involved in a day-to-day dialogue with their communities.

Parish officers perhaps have a role. As part of the new model pioneered by West Mercia, parish councils can pay for parish officers. I am quite relaxed about that, unless those officers replace the ones that we already have or we pay twice for the same thing. Local parish councils that do not have the budget or the manpower should not have to say that the only way to deliver the neighbourhood policing suggested by the hon. Member for Worcester and to protect the streets from antisocial behaviour is to pay for it again by having a parish

officer. That proposition would not be acceptable to taxpayers in my constituency, who take the view that they have already paid for policing.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Pontesbury parish council in my constituency has been told by West Mercia that if it wants a parish community support officer, it will have to pay for one. That is unacceptable to the council, which feels that the cost would massively increase the parish precept for the village, which simply cannot afford it. It is simply not acceptable for rural communities to be discriminated against in that way.

Mark Pritchard: My hon. Friend makes the point very well. There is great concern that, although the new role of parish officer provides an opportunity, it should not replace that of regular officers, police specials or community support officers or be a way of paying for the same thing twice.

Funding has rightly been raised as an issue, and all colleagues in the House from West Mercia know that the region has the third worst funded police service in England and Wales. The problem continues year after year, and year after year we hear platitudes from the Government, but we want action from the Government. Perhaps I can put forward a proposition today. At a recent meeting with senior police officers, they suggested that we consider using the proceeds from crime. Why are proceeds from crime sent to the Treasury, where a lot of them are creamed off, before the remainder is redistributed to forces such as West Mercia police? Why cannot individual police forces keep the money that they retrieve through their hard work from people involved in criminal activity whom they capture? That would incentivise local police officers and detectives, and it would be fair and equitable. The Government say that they support performance-related pay and performance by results—that is their claim at least. I think that rewarding hard-working police forces by allowing them to keep the money that they retrieve through their excellent detection work might be a good example of that.

I shall make just a couple more points, because others hon. Members want to speak. One relates to the important role of youth work. The hon. Member for Worcester rightly highlighted the innovative work carried out by West Mercia police, on which the force should be complimented. It is rolling out youth outreach workers in south Worcestershire, and we want to see more of that, because many constituents ask me, "What about youth work?" Some weeks ago, at Prime Minister's Question Time, the Prime Minister referred to youth work, and I hope that the Government will consider the issue nationally, as well as in West Mercia and my constituency. A lot of funding is being put into ASBOs and dispersal orders, but those are ways of reacting to a problem rather than dealing with its root cause. Although, as I said, not everything is to do with young people or with boredom, there is definitely an argument for saying that we should invest as much in dealing with the causes of problems as we do in dealing with the effects. I hope that the Minister will comment on that.

The displacement of problems is an ongoing issue. Dispersal orders appeared to deal with a problem in Shifnal and Leegomery in my constituency, but the solution proved to be temporary; in fact, the problem had been displaced to other parts of the community, and subsequently it came back. I shall be interested to hear what the Minister has to say about that.

The British police police by consent; their relationship with the community is the most important relationship—perhaps more important than the relationship with Members of Parliament and Government. That is why the Association of Chief Police Officers, which is reviewing the funding matrix of community policing, must bear in mind the important role of the police in policing key community events, such as Shifnal carnival, which has been going since the 13th century. The police have said for the last few years, "We do not have the money, you will have to pay for the policing yourselves," so volunteers from the community have had to police the carnival. That caused great concern in Shifnal. People ask, "Why is our precept going up every year? Why is our national taxation going up every year? Why are the police getting more and more money, yet they are no longer policing the most important community event in the area?" I hope that the Minister will give an undertaking that senior officers and chief constables will be encouraged to look through the calendar of events and say, "Although budgets are tight and there are scarce resources, there is a strong argument for policing key community events in order to be a good corporate citizen."

I conclude by saying that, yes, West Mercia needs to be better funded, but it also has a continuing role to spend its budget better. The answer is not one or the other, but a mixture of both.

3.27 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I congratulate the hon. Member for Worcester (Mr. Foster) on securing the debate. I also thank him because it gives me a rather unusual chance not to attack the Minister, but to welcome the suggestions and plans that have been made.

The complaints that I receive from constituents—I am sure that it is the same for other hon. Members—are not about major crime but about the minor problems that bother ordinary people. For example, a little old lady of 84 has a greenhouse at the bottom of her garden which, more than once a year for the past four years, has been smashed by bricks lobbed over from an estate behind her property. She is now frightened to go into her greenhouse, but all she gets is a crime number.

A couple who live next door to a slightly notorious pub, which I will not name, have a sad story to tell. Every night at chucking-out time, and later when the local nightclub closes, young people who are rather the worse for wear prance over the top of cars, so much so that people try not to park their cars outside the pub and club. My constituents set up a camera to take pictures of the car—not their own—that the young people usually pranced over, but that night they pranced over the couple's own car, so they were not able to photograph the incident.

There is great dissatisfaction with the call centre in my area. Serious vandalism in a recently constructed play area was blamed on the delay caused by having to contact the call centre, which meant that the response was too late. I welcome neighbourhood policing and I congratulate the North Worcestershire basic command

[Dr. Richard Taylor]

unit on being selected as the pathfinder for a pilot trial of the proposal. Chief Superintendent Suzette Davenport has recently moved on, but Chief Superintendent Mark Howard is following her splendid example. I will not mention all the beat managers, but like every other MP, I have a raft of superb beat managers in my constituency. The hon. Member for Worcester read out the local pathfinder principles, and the first one is crucial. It is that

"Members of the public should be provided with up-to-date and easily accessible information concerning their local beat police officer, including details of the . . . area . . . their name and details of how to contact them".

No longer is it necessary to go to the call centre about something that happens locally. It is possible to call the beat manager, who, it is to be hoped, will be reasonably close, and someone will be dispatched to help.

That gives me an opportunity to praise some things that are happening in Wyre Forest. A few months ago one could drive around various beauty spots and find derelict and burnt-out cars; there is now an initiative to get rid of those quickly, and it is working. There is now a police base at one of the schools in a most deprived part of Wyre Forest—and we have one of the most deprived areas in the county. That is neighbourhood policing in the best way.

The subject of special constables matter has been raised by the hon. Members for The Wrekin (Mark Pritchard) and for Mid-Worcestershire (Peter Luff). At a recent specials weekend, I met some of the specials from my constituency, whom I know well in their other occupations. They are very disappointed about the local reduction in the number of specials. I wrote to the Minister, and, although I do not mean particularly to get at her, the response was an example of how figures can be made to show what one wants. Figures for 1996 to 2004 already quoted in the debate show a reduction in the number of specials from 613 to 280, but the Minister quoted the figures for 2004, showing an increase from 231 to 269. I am delighted about that increase, but overall a serious loss has taken place in the past few years.

The reasons for the decline are not hard to find. Specials, rightly, now require extensive training, which must happen at weekends and in the evenings and which is, of course, unpaid. The increase in the number of community support officers, who are paid, leads to a certain resentment. Very few constabularies have enough funds to remunerate the specials at all. Many of the specials like their voluntary status, but I gather that some constabularies give honorariums of between £900 and £1,500 a year.

That brings me to the subject of funding. West Mercia police force is under-funded. The briefing paper that we were given states:

"West Mercia Constabulary recognises that its resources are limited and that it cannot deliver Neighbourhood Policing on its own."

A generous grant is being made for the pathfinder studies. One can only hope that if they are successful, the money will be forthcoming to spread them. I believe that the aim is that they should be county-wide, if not country-wide, by 2008. I hope that that will happen.

I am sufficiently elderly to have been brought up during the war, when there was desperate food rationing. Families were allowed half a pig, so they had to decide with whom to share it. With whom did we share? The local bobby. I remember the days when there was a local bobby whom people knew and could contact. What is happening now is a huge step forward.

3.34 pm

Mr. Owen Paterson (North Shropshire) (Con): I congratulate the hon. Member for Worcester (Mr. Foster) on landing yet another debate on West Mercia. The previous debate was on 12 October. I cannot resist pointing out that on that occasion I was the only Conservative Member representing Shropshire, but today we are four. It is now lonely on the Labour Back Benches for my near neighbour, the hon. Member for Telford (David Wright). Perhaps the Minister contributed to that, as she visited The Wrekin the day before the election.

I turn to neighbourhood policing. I shall give two examples. The first may sound a little like Beatrix Potter and Peter Rabbit. In the village of St. Martin's a few years ago, a community police officer was embedded in Stan's, the local supermarket. He has an office there and a police car is parked outside. He is a proper community presence and he knows the village. My anecdote shows his value to the community. A break-in took place one afternoon, so he went to the house, where he noticed some large footprints in a newly hoed part of the garden. He thought he had a pretty fair idea who might have committed the break-in. He went to that gentleman's house and found some muddy boots. He took them to the house where the break-in took place and found that the boots fitted the footprints. It may sound trite, as if it were a Beatrix Potter story, but it shows the value of having a real police officer on the ground—above all, one with powers of arrest, because he then arrested the guy.

I compare that with Shawbury, another village in my constituency of a similar size. It has a wonderful new village hall, costing several hundred thousand pounds, that was partially paid for with lottery funds. I have received correspondence from two constituents, Mr. John Chadwick from Wem, who goes there to play bridge, and Mr. Tony Herbert from High Hatton near Shawbury, about the appallingly bad behaviour that has resulted in several thousands of pounds worth of damage to the village hall. Why? It happens because there is no policeman in Shawbury. The local inspector has to cover an area of about 720 square miles. In fairness, West Mercia has done its best—it has sent some community support officers there—and I have not received any letters recently.

The lesson is that St. Martin's has a police constable with powers of arrest and Shawbury does not. That is a graphic contrast. What concerns me is that, because of the way the grants have been slanted, the Government are deliberately forcing police authorities to take on only community support officers. The briefing from West Mercia said that 66 per cent. of CSOs are funded from specific central grants, so although they are welcome—anything is better than nothing—I am concerned that the Government are deliberately attempting to push police authorities into taking on more CSOs. It is interesting to talk to the inspectors who

employ them. They tell me that they sometimes prefer CSOs because it allows them time to go out on to the streets, and that, if they are given police constables, the resulting torrent of paperwork and regulation ties them to their desks.

We constantly hear about the Government's attempts to reduce the burden of paperwork. The Minister should hear what was said by two senior police officers in my patch who know what is going on. The first says,

"Paperwork is an absolute nightmare. It is being controlled by bodies who are outside the police."

The other says,

"The Government always shout about reducing paperwork but all they do is produce more not less."

They were referring to the encounter forms. Whenever a policeman bumps into someone and interviews them, he is tied down for 10 minutes with paperwork.

The Minister for Policing, Security and Community Safety (Hazel Blears) *indicated dissent.*

Mr. Paterson: It is no good the Minister shaking her head. I am speaking about telephone calls that I received this week from real police officers on my patch.

Secondly, there is the nonsense of shadow charging introduced by the Crown Prosecution Service, under which a whole file has to be drawn up before it is decided whether a charge should go ahead. Instead of talking about paperwork, the Minister should come to North Shropshire. I give her an open invitation. I am sure that she will be welcomed at The Wrekin, Shrewsbury, Atcham and Ludlow. She should come to see the police in action. It is ludicrous that, although the public know the value of having a police constable with the power of arrest, senior officers are saying, "Hang on, if we have them we cannot use them properly because they will be bogged down with paperwork."

Another example of ludicrous regulation is that which resulted in the closure of cells. I had a major disagreement on the subject with the outgoing chief constable. I am delighted that Chief Constable West takes a much more open view. It is ridiculous that the cells were shut in Oswestry and Market Drayton, with the result that low-tech cases, such as people who are taken in electively—those who go in with their solicitor—or who are just drunk have to go in a police van, accompanied by one or sometimes two policemen, from Oswestry to Shrewsbury. Shrewsbury is frequently full, so they then go to Telford, and if Telford is full, they go to Worcester. In one ludicrous case, they went to Kidderminster and two police officers were taken out of action.

I am delighted that the new chief constable has taken a more open-minded view of the matter. There have been 337 cases processed in Oswestry police station this year, and 55 so far in Market Drayton. Both local inspectors would like to have full use of those cells. If those 337 journeys were not made, one or two police constables could then be on the beat in Oswestry and Market Drayton. The situation is absurd. The Minister could take action to ensure that those cells were opened up. It is partly a question of the regulations that insist on staffing levels in the cells.

I hate the way in which these debates always descend into a rant about money, but it is impossible not to comment, as the hon. Member for Worcester did, on the unfairness of the current system. It is all wrong that West Mercia has been penalised for being one of the most efficient police authorities from the very beginning. It was one of the first authorities to switch jobs from police constables to civilians. However, when the formula started, it nailed West Mercia like a steel trap, and it is stuck.

It is wrong that £92.24 per head is the Government grant in West Mercia. Down the bottom of the hill where I live, where the North Wales police area starts, it is £117.48. In another rural force, it is £103.88. If the area cost adjustment were applied as it is in Cheshire, Warwickshire or the West Midlands police forces, it would be worth another £1.7 million. The grant per head in Cheshire, another neighbouring force and a rural force, is £108.76. In another neighbouring force, Dyfed Powys, it is £105.09. Compare that with West Mercia, where it is £92.24. I am not asking for a single penny more. I am asking for a fair formula and recognition of the issue by the Minister.

Peter Luff: My hon. Friend has understandably not mentioned the urban force near us—West Midlands police force—which has a grant per head of £155.01. It benefits from all kinds of extra money, including the area cost adjustment. The strange thing is that huge numbers of its officers live in my constituency in Worcestershire and commute to the West Midlands police authority area. That destroys entirely the argument for the area cost adjustment that we receive.

Mr. Paterson: My hon. Friend makes an excellent point. I shall wind up briefly so that he has the chance to expand on it. In a letter to me last year, the Minister said:

"I recognise that formula changes implemented in 2003–04 did shift resources in favour of more urban areas."

Will she recognise that that was a brutal shift by the Labour Government from rural areas to urban areas? It is wrong that the cake is sliced in such a way that it discriminates against an efficient force such as West Mercia, which would benefit from more community policemen.

Several hon. Members *rose—*

Mr. Edward O'Hara (in the Chair): Order. I remind hon. Members present that, with injury time for the Division, the winding-up speeches must now start not later than 3.55 pm.

3.43 pm

Peter Luff (Mid-Worcestershire) (Con): I shall be brief, and I shall not do all the consensus stuff that has been done before. I agree with almost everything that has been said. I shall therefore strike a slightly more discordant note, but I hope that the Minister will understand that I associate myself with much of what the hon. Member for Worcester (Mr. Foster) said in his opening speech, and I again congratulate him on securing the debate.

The funding question lies at the heart of the debate. The welcome move from intelligence-led policing to neighbourhood policing is something that, as constituency MPs, we must be pleased about. However,

[Peter Luff]

it requires additional resources. I hasten to add that that should be achieved through a fairer share of the cake, not a total increased spend.

We have 300 extra police officers in West Mercia, paid for almost entirely by increases in council tax. Of course, the Government claim the credit for the extra police officers and then threaten to cap the police authority for having the temerity to raise the money to pay for them. That is the bizarre situation in which we find ourselves. The recipe put forward by the hon. Member for Worcester for improving funding is exactly the recipe that I put to the Deputy Prime Minister in a letter in September last year. I entirely agree with what the hon. Gentleman said.

I am concerned that the police authority seemed to think that it could increase the council tax again—that there was popular will in favour of that increase. I caution it against that move. It is not right that the council tax payers of our area should pay for the shortcomings imposed on us by central Government. Although people can always be asked to pay an extra 5p for this or £1 for that, all the fivepences and pounds add up, and hard-pressed pensioners, in particular, and low-income families in my constituency cannot afford further increases in council tax, full stop. I would caution the authority not to go down that route.

I am also concerned that there is the beginning of declining consent for the police in my constituency—a point that was made by my hon. Friend the Member for The Wrekin (Mark Pritchard). High council tax payments are one of my worries. Constituents are saying, "We've paid the money. Where are the police officers?" I have a high regard for the West Mercia constabulary; it is extremely well led at local level, at basic commander unit level, and at constabulary level by the chief constable. However, there is the beginning of a concern. Controversially, the police have been asked to do things of which my constituents do not approve, such as enforce the hunting ban. There is a concern among my middle-class constituents—I know that it is controversial, but it happens to be true—about what is seen as a war on the motorist, or the soft target of the middle classes. That perception is growing. I say that because during the election campaign, I went round my constituency saying that we could promise people more police. The response every time was, "I'm not sure that we want more police." People feel that the police are unable to deal with the issues that concern them. Quite often, there is some confusion about the relationship between local authorities and the police about Traveller incursions, for example, but a feeling that such incursions are not being dealt with. That is, in my view, unfair, because members of the West Mercia police are doing a good job in the circumstances that they face.

People are concerned about slow shows in the more rural areas of my constituency. It takes a long time for the police to arrive, if they arrive at all. One local sports club never saw a police officer after reports of serious vandalism. There has also been the loss of police cells, such as in Evesham. My hon. Friend the Member for North Shropshire (Mr. Paterson) made a point about the loss of police cells in his constituency. We have lost them in Evesham, leading to a loss of the ability of the police to respond to incidences of lawlessness in Evesham.

There is a perception that the police now have their hands tied behind their back. What people would like is more police officers with real powers. I have some caution about community support officers, which I have expressed in this Chamber before. If they are the only way we can obtain extra police strength, I shall take them—better them than nothing. However, I would prefer to see real police officers—full police officers and increased numbers of special constables, who have declined shamefully in number over recent years in our area.

We know that there is no problem recruiting real police officers. The police authority recently advertised for new constables and received some 900 applications—so many that it could not even look at 150 of them. They were sent back unopened, asking applicants to apply for another police force. Perhaps they were the best 150 going; we do not know, but there is no problem recruiting. It is a bit odd to return applications unopened but that is what happened, and it seriously concerned the *Worcester News*.

I have been controversial, Mr. O'Hara, in my brief contribution, because I agreed with the opening remarks of the hon. Member for Worcester, who said that there is a lot to praise and celebrate. There is a lot of efficiency and modernisation of the best possible kind, which has made our force one to be proud of. However, it needs a bit more help than it has had from the Government if it is to achieve what it is capable of achieving.

3.48 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I, too, congratulate the hon. Member for Worcester (Mr. Foster) on securing the debate, although I did not understand what he said about the statistics involved. The Government claim that crime is going down and things are getting better, but to be honest, a lot of my constituents say to me that the reason why the figures are going down is that they are not reporting crime. They simply do not have confidence that the police will intervene on some of the problems that villages in rural areas face. They simply do not report crimes.

Recently, there have been a lot of problems in Shrewsbury with the Government allowing later licences in pubs. It has caused tremendous problems. Very early in the morning in Shrewsbury, all sorts of vandalism is going on. One gentleman from Shrewsbury, Mr. Bamber, had his garden shed set alight this week. I met him in his garden and he was just sitting there crying, because his whole garden had been destroyed at 2 am by vandals. I am absolutely appalled that the Government want to grant licences to pubs up to 2 am or 3 am. Why on earth does anyone want to be drinking at 3 am or 4 am? I simply do not understand how that is possible and why people want to do that. I want the Minister to know that it is leading to many antisocial behaviour problems in Shrewsbury.

The police in Shropshire are extremely hard-working. They make tremendous efforts in policing the Shrewsbury flower show, the Shrewsbury carnival and all the sporting activities. I congratulate my hon. Friend the Member for The Wrekin (Mark Pritchard) on

raising the fact that those major events are not policed through money from the Government; the organisations have to raise the money themselves. That is resulting in some organisations deciding not to hold those annual events because they simply cannot afford to do so, which is a tremendous shame.

David Wright: There is clearly some inconsistency across the force area. I was at Dawley day on Saturday and there was a police presence there coupled with a CSO presence. Perhaps we have to raise the protocol for events such as Shifnal carnival, the Shrewsbury flower show and Dawley day with Ministers or with the force itself. There seems to be some difference across communities. Perhaps we need to work together as Members of Parliament to raise the issue with the force.

Daniel Kawczynski: That is a fair point. I wanted to stress the point to the Minister so that she was aware of the position. Like my hon. Friend the Member for North Shropshire (Mr. Paterson), I feel passionately that the police have to deal with too much red tape and paperwork. I have been to Monkmoor police station and met many police officers there. There is a feeling that police officers do not dare to talk about the problems that they face because the state will come down on them like a ton of bricks. That feeling is also found among people working in the hospital. People are petrified of being quoted because under this Government if someone has the temerity to challenge the processes they will be sacked, as has happened over and over again. That is the case whether we are talking about the council in Bucharest highlighting illegal immigration or people highlighting local issues.

Monkmoor police station in Shrewsbury is the regional headquarters in Shropshire. The building was constructed in the late 1960s. Going into the station is like going in a time machine back to 1965: it is so old, outdated and dirty. Our hard-working police officers should not have to tolerate such conditions. I notice that the Palace of Westminster has had a lot of money spent on it recently. I wish that the Minister would look at Monkmoor police station and ensure that our regional headquarters in Shropshire has proper funding for proper facilities for our police officers.

3.52 pm

Mr. Philip Dunne (Ludlow) (Con): I shall pick up on the remarks of my neighbour and hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski). I, too, have visited Monkmoor police station—last week, in fact—and I was told that some refurbishment work will shortly be done on the cells there, but the number of cells in Shropshire as a whole is lamentably low. I think that the building in question is a former secondary school; it was not built to be a police station. It needs to have proper cells put in and I welcome the refurbishment work. That is relevant to my constituents because there are no cells in the Ludlow constituency, which, for those who do not know the geography, is 40 miles by 20 miles. People who are to be held in custody overnight have to be taken to Shrewsbury, to Telford or, occasionally, to Hereford.

Just before Christmas, I went out with police officers in Bridgnorth, thanks to Inspector Andy Thomas, and I saw for myself the problems caused by drunkenness—which I am aware also happens in other towns. Generally speaking, the police on the spot have to take a tough decision. They have to ask themselves whether to arrest the person. That is the appropriate policing response, but it takes two officers to deal with an individual who is drunk. They have to be driven 25 miles to Shrewsbury or 15 or so to Telford, which takes the officers out of the local district for two hours at a time. There are usually four people on duty in Bridgnorth in the evening. If they make two arrests of drunks, the decision will be to have no cover in the town of Bridgnorth. It is a very tough call and it comes about entirely because of the points that many hon. Members have raised to do with the police numbers and the resources in our area and particularly in the rural areas. Ludlow has a brand-new police station, which is very welcome. The station has been built with no cells because, as other hon. Members have said, the level of manning to justify cells cannot be supported within the budgets of the division. That is wrong.

Although we have one of the lowest crime rates, not only in the county of Shropshire but in the West Mercia division, that does not mean that we have no crime. Far from it. To give one example, the village of Highley saw the second ASBO issued in the entire country. As of two weeks ago, Highley has had its first policeman for six months. It is an area with noted crime problems—it had the second-largest drugs bust in the county last autumn—and it has been without police cover because the police division does not have to man to 100 per cent. of its capacity. The beat duty officer took maternity leave and there was not any surplus capacity to provide cover to Highley. That should not be repeated.

3.55 pm

Mr. Paul Keetch (Hereford) (LD): I, too, congratulate the hon. Member for Worcester (Mr. Foster) on securing the debate. He has a long and honourable record of securing debates on West Mercia funding and policing. I remind colleagues that the debate is about neighbourhood policing, and I want to concentrate on some of those areas.

The hon. Gentleman was right to mention funding, particularly the sparsity factor, which was also raised by the hon. Member for Mid-Worcestershire (Peter Luff). The hon. Member for Worcester was also right to raise the issue of the statistics bandied about in the run-up to the general election. I remind colleagues that when we criticise and try to make political points about statistics—whether about the health service, dirty hospitals or police levels—we are often criticising the people who work in those public services. Police officers said to me that they did not recognise the story that was being put about; I heard the same from members of the health service.

I also join the hon. Gentleman in his tribute to Paul West, the chief constable.

3.57 pm

Sitting suspended for a Division in the House.

4.12 pm

On resuming—

Mr. Keetch: I was thanking the hon. Member for Worcester for having, rightly, paid tribute to the chief

[Mr. Keetch]

constable, Paul West, and wanted to put on record my thanks to the divisional commander in Herefordshire, Kevin Bentley, and his team, which does such excellent work.

The hon. Gentleman was very generous in taking a number of interventions, including one by the hon. Member for Leominster (Bill Wiggin), who continued his campaign for a bypass for the A49 at Ashton. We then heard a very good speech from the hon. Member for The Wrekin (Mark Pritchard), who highlighted the issue of specials. They are an important element of rural forces, and we must not forget that. The hon. Member for North Shropshire (Mr. Paterson) also, rightly, issued warnings about paperwork. Attending to that does affect the amount of time that our police officers spend on the streets and, although the situation has improved since the O'Dowd report—many things have changed—I hope that the Government will continue to look at the issue all the time. It is something about which police officers speak to us regularly.

The hon. Member for Mid-Worcestershire (Peter Luff) also mentioned funding, and we heard generous interventions in the speeches by the new hon. Members for Shrewsbury and Atcham (Daniel Kawczynski) and for Ludlow (Mr. Dunne). Again, they spoke about local issues. The hon. Member for Ludlow was right to point out that crime happens even in the most remote and beautiful areas. Crime is a 100 per cent. statistic for each household affected by it.

This debate is about neighbourhood policing, so I asked a number of police officers from Herefordshire what issues they would want to raise if they were here. I will focus not on what my constituents have said—of course, my police officers are also constituents—but on the issues that the police officers really want to get across. Four came up constantly. The first was their inability to deal with matters such as Travellers. They are hugely frustrated that they cannot do enough on such issues, which affect our rural communities. It is the same with neighbourhood disputes: local bobbies feel unable to do what they want to do when faced with problem families on estates. Another issue is traffic. Again, the police feel hamstrung when trying to keep traffic moving in a city such as Hereford.

Most important were the issues relating to alcohol-related disorder. We all enjoy going out with our friends and family, but the cost of alcohol-related disorder is now huge. Recently, a very good study was done in Hereford. It looked at the cost of alcohol-related disorder to the accident and emergency department of our local hospital. It was calculated that in one month, February 2004, alcohol disruption cost the Hereford A and E department more than £32,000. I daresay that figure would be repeated in Worcester or Shrewsbury or other units. The cost of trouble in the evenings, on the Friday and Saturday night, is not just the disorder on the streets. During that period there were assaults on members of our A and E staff; the police were called 18 times to Hereford A and E department in that one month alone. That makes the reported comments of Louise Casey even more difficult to explain.

We must take this seriously. The Government are trying to do this. They will not be helped by noises off by senior civil servants after drinks parties. The people on the streets of West Mercia and our other cities and towns expect something to be done. I always supported the liberalisation of the licensing laws. I felt instinctively, as a Liberal, that that was the right thing to do. We have yet to see what the result will be, but the Government must ensure that the police have the opportunity to control the streets in our market towns and in our cities when these changes take place.

4.16 pm

Mr. Humfrey Malins (Woking) (Con): I begin, as always, by declaring an interest as a Crown court recorder and an acting district judge, and move straight away to congratulate the hon. Member for Worcester (Mr. Foster) on securing the debate and on the way in which he introduced an important subject to us all. It is a great pleasure to see no fewer than four colleagues from Shropshire here today. All my hon. Friends have spoken with a great deal of knowledge of their constituencies and of the problems. I thank them all.

My hon. Friends the Members for Mid-Worcestershire (Peter Luff) and for The Wrekin (Mark Pritchard) both spoke about the need for more specials and with great knowledge of their own constituencies. My hon. Friend the Member for North Shropshire (Mr. Paterson) raised the importance of having a real police officer on the ground with power of arrest and referred to the ever-troubling issue of paperwork. My hon. Friend the Member for Ludlow (Mr. Dunne) spoke of the time that police have to take in relation to their duties which can sometimes involve difficult judgments as to their priorities.

My hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) talked about antisocial behaviour in Shrewsbury. He, in common with others, including my hon. Friend the Member for The Wrekin, spoke of the need for local police to police local events in order to secure the confidence of their communities. All my hon. Friends were supported in the debate by the presence of my hon. Friends the Members for Leominster (Bill Wiggin) and for West Worcestershire (Sir Michael Spicer).

In the short time available to me I shall mention one or two matters. The issue of specials cropped up throughout the debate. The Opposition believe that it is important for the Government to initiate a drive to get more specials, particularly in the west Mercia area. Reference was made to drug and alcohol crime. My understanding is that Worcester, along with many other towns and cities in this country, faces a great deal of crime that is based on alcohol and drug taking.

Frankly, binge drinking and the ready supply of hard drugs on the streets are two of the greatest problems affecting people today, particularly young people. I imagine that that is the same in the cities and towns in the west Mercia area. I hope that the courts are alive to the fact that these are twin issues. Certainly, I hope that the courts and the police in the west Mercia area take a tough line with licensed premises that sell to drunks. It is a regular activity in the south of England. Much stronger enforcement is needed, and in relation to drug crime, too.

My final points—it is amazing how quickly five minutes pass when one is enjoying oneself—concern the problems that we can all identify. It is a great shame if the time of the police in west Mercia, as elsewhere, is over-dominated by paperwork and having to reach targets. What really encourages the public to have confidence in the police force is their visibility on the streets of the towns and, particularly in the west Mercia area, the villages. The public want to see their local policeman, talk to him and get results from someone who is knowledgeable about the sort of people who offend in the locality.

Finally I make a personal plea. If I could see many more police, not in police cars but wandering around having a chat with the public whose confidence they need, I, for one, would be delighted.

4.19 pm

The Minister for Policing, Security and Community Safety (Hazel Blears): I, too, join hon. Members in congratulating my hon. Friend the Member for Worcester (Mr. Foster) on having yet another excellent debate about west Mercia. He is an assiduous champion for his community and, as well as these debates, he has asked me a number of parliamentary questions, particularly about antisocial behaviour. I know that that is of great concern to his constituents.

I am also delighted that despite some of the contributions from Opposition Members, there has been a broad welcome for the move towards neighbourhood policing. For once, the policy thrust that we are trying to put in place has support, not only cross-party but from police forces. The fact that one basic command unit in every force has volunteered to be a pathfinder for this new form of neighbourhood policing is encouraging. I say "a new form of neighbourhood policing" because this is not about going back to the bobby on the beat. It is about having neighbourhood policing that builds relationships with local communities, local people tasking the police on their priorities, and using intelligence to direct those resources into the places that matter. It is not simply a matter of having a cup of tea with people, important though that is to build those relationships. It is also about hard-edged policing, which will work only if the police officers involved are catching, arresting and convicting criminals, tackling drug problems—

Mark Pritchard: Will the Minister give way?

Hazel Blears: I will not give way because I have about eight minutes left and I want to deal with questions that hon. Members have raised.

The new form of neighbourhood policing is about both building relationships and hard-edged policing. It is a hard task for our police service to build relationships and to be close to the public, who set the priorities and need feedback, at the same time as carrying out hard-edged proper modern policing as part of the force. That is a considerable challenge, but I am delighted that police forces throughout the country are taking it on and making things happen.

I shall deal with some of the specific issues raised by hon. Members because that is more useful than simply reading out my brief. My hon. Friend the Member for Worcester referred to the budget, as did several other hon. Members. I know that he is exercised by the issue of fairness and area cost adjustment, which he has raised before. Throughout the police service we have had a 30 per cent. increase during the past few years—a 21 per cent. real-terms increase after inflation. That applies to West Mercia police as to other forces.

The second important issue is that we have never funded police forces on a per head or per capita basis. The formula works on the basis of what the policing need is in a community and allocating funds for policing need. Hon. Members are right: when we last reviewed the formula there was a big shift to high-crime areas with vulnerable communities that need help. We recognised that areas such as west Mercia would be significant losers if that formula were implemented in full, so we had a damping mechanism through floors and ceilings that have helped West Mercia police over the past few years not to lose the amount of funding that would otherwise have been the case. In fact, last year it received an increase of 3.75 per cent. and if the formula had been implemented in full it would have lost another £2.5 million, so it was better off because we put in place floors to ensure that we took account of the needs of the area.

In addition to the extra general funding, West Mercia police has had significant extra investment for specific funds. It receives £2.34 million from the rural policing fund and is one of the biggest beneficiaries from that fund, which is not ring-fenced. The force can spend the money on priorities that it identifies in the local community.

Mark Pritchard: Is not part of the problem that very point? There are pockets of money here, there and everywhere and chief constables are asked to apply for different pockets of money when they really want a proper budget and to have the independence to spend it to meet the needs of their local community, rather than having to run around chasing the latest Home Office partnership fund or whatever.

Hazel Blears: I hope that the hon. Gentleman recognises that the force has had a 30 per cent. increase in general grant during the past few years, which was not ring-fenced and which it could spend as it wanted on operational policing. Indeed, he will know that the rural policing fund is not ring-fenced to any specific project and the force has the freedom to spend it to meet local community needs. It is important to get the balance right.

My hon. Friend the Member for Telford (David Wright) made some telling interventions to highlight the improvements that are taking place in his community. He recognised that there are still pressures on the service and he wishes to keep pressing me to ensure that we provide proper resources and facilities for his community. However, I was pleased to hear about the improvements.

I was delighted to hear of police and community support officers who are making a significant contribution. They were named by several hon. Members. In West Mercia, there are 262 more police officers than we had in 1997. Hon. Members who pressed for extra officers—*[Interruption.]* There are

[Hazel Blears]

262 more officers and 82 community support officers. Over the next three years, as we develop neighbourhood policing, we will have a total of 24,000 community support officers in addition to the record numbers of police officers—not in substitution for police officers but in addition to the record numbers. The extra 13,000 police officers now in place throughout the country, with the 24,000 community support officers, will give us the capacity to have mixed teams in communities.

Are Opposition Members really telling me that they want fully warranted officers to do every single job in the police service? That would be a very backward step, because we need mixed teams of police officers, special constables, wardens and community support officers in the wider security area. In that way we can ensure that we direct the right people to the right place with the right skills at the right time. That is what neighbourhood policing is really about; it is about working smarter and getting the most out of the resources available. If the policies proposed by hon. Gentlemen were implemented, communities would have far fewer resources to tackle the very real problems that exist.

What illustrates the point for me is the success of the multi-agency antisocial behaviour team in Worcestershire, which has police officers, a housing officer, a civilian investigator and an analyst. That is the sort of modern policing that will be successful, not simply a one-size-fits-all model but one that puts the right people with the right skills in the right place. That is incredibly important to us.

My hon. Friend the Member for Worcester also raised the matter of resources for identifying signal crimes, and BCU Pathfinder wants to see whether we can put in some more support. There is support to develop the neighbourhood policing model; it is a genuine point. My hon. Friend also wanted some research on visible policing and what it means. That is an interesting point about whether it is simply seeing police officers or about the quality of the interaction.

Further back-office roles for staff were mentioned and we are trying to engage more civilians. I add to that the possibility of local authorities and police forces coming together to do some of those back-office roles in call centres and pay roll administration, which would give us even more efficiencies.

The hon. Member for The Wrekin (Mark Pritchard) and other hon. Members mentioned specials. I am delighted to be able to say that in the last year nationally there has been an increase of 1,000 specials, and 2,500 more are waiting to go through the process of recruitment. For the first time, we put significant amounts of money into national advertising and I want to see whether we can do some more focused advertising this year. Local advertising is a matter for the forces; the numbers are beginning to increase in West Mercia, as they are nationally. One of the reasons why they have decreased in recent years is that there have been more opportunities for people to join the police service, because we have been increasing numbers. Many people who would have been specials have joined as community support officers. That is one reason why we have not been able to increase the numbers, but this year, for the first time, those numbers are increasing dramatically.

The hon. Member for Wyre Forest (Dr. Taylor) said that response, as well as neighbourhood policing, was important. He is right. If we are to get the model to work we need response policing, investigation and neighbourhood policing as an integral part of doing our business. Again, it means getting the right people in the right place.

The hon. Member for North Shropshire (Mr. Paterson) talked about having real policemen with powers of arrest, and about the need to get people out on the beat on patrol. If community support officers are to be involved in arresting they will have to give evidence and go to court, which will take them off the front line of policing, which is where we want them to be.

Hon. Gentlemen raised issues around "stop and account", and what they said was a travesty of the truth. "Stop and account" does not simply mean that every encounter has to be recorded; it is clear that there are many circumstances in which, if people are not being asked to account for themselves in detail, the encounter will not have to be recorded. I ask hon. Members not to keep repeating such misinterpretations of the process.

Finally, on custody facilities, I understand that some new facilities are being introduced in Leominster, which is very near to Ludlow.

Mr. Edward O'Hara (in the Chair): Order. We must now turn our attentions to Dr. Ghosh and the Northumberland primary care trust.

Dr. Ghosh

4.30 pm

Mr. Ronnie Campbell (Blyth Valley) (Lab): It is difficult dealing with doctors. I have been a coal miner all my life and have always been in trade unions, and dealing with miners is a lot better than dealing with doctors, I can tell you, Mr. O'Hara. They are always at each other's throats, that is for sure. I will demonstrate that later.

Basically, the argument between Dr. Ghosh and Northumberland primary care trust has been going on for some time. To give the background of how the situation developed, Dr. Ghosh was accused of sexual harassment last year. He was taken to the Crown court by the girl in question, an employee of his who had worked for him for six months, and he was tried by judge and jury. The jury unanimously found him not guilty. Of course, I recognise that the Crown court is, in some people's eyes, just a Mickey Mouse court.

The girl in question had done something similar to her previous boyfriend. She said that he had raped her. Again, that case went to the Crown court, but there was not enough evidence, so the judge threw it out. That was a few years ago, and the girl later did the same thing to Dr. Ghosh. Then, she decided to take the matter to an industrial tribunal. As hon. Members will know, in a tribunal, three sit on the panel and a solicitor is always one of them. The tribunal decided to err on the side of probability—it might have happened, so he lost the case.

Dr. Ghosh was suspended from the time he was charged until he was found not guilty by the Crown court. When the industrial tribunal's verdict was reached, he was immediately suspended again. The primary care trust decided to have an investigation into the matter. That has gone on for a long time. In the meantime, we have had trouble with locums who were not turning up for patients. Patients had to be turned away and came to my constituency surgery saying, "It's not good enough. What's happening with Dr. Ghosh?"

Dr. Ghosh believes that he has lost about 100 patients. People just got fed up. At this moment, and after a lot of pressure from me, we have a locum who is doing a fairly good job. I think that we are talking about a deliberate act by the primary care trust systematically to destroy Dr. Ghosh's practice.

So, Dr. Ghosh was suspended and there is an investigation, which has been going on for a long time. I accompanied Dr. Ghosh to an inquiry once. They brought in someone from Newcastle, a Pauline Fryer, head of corporate affairs at Newcastle primary care trust. I do not know what experience she has of investigations, but, if I have time, I might read some of the questions that Dr. Ghosh was asked. They are absolutely appalling. I do not know what they have to do with the charge. Quite honestly, I do not know which was the higher court—the tribunal, or the Crown court. He was not guilty in one, guilty in the other. In the eyes of the trust, he was guilty in any case.

Whatever happens here today, and whatever the Minister says to me, Dr. Ghosh will be sacked. His contract will be determined, and he will go, because we have it on good authority that the doctor who has taken over one of the practices is being told that he will get Dr. Ghosh's practice in due course. I did not know this before, but every doctor who practises has a code number. This new doctor is not even sitting in that practice yet, but I was told yesterday morning that he has Dr. Ghosh's code number. If that does not tell us something, what does? It seems to be game, set and match.

The solicitors who deal with doctors have, like me, been trying to get through to the trust. I have asked for meeting after meeting, until I had to write to the Under-Secretary of State for Health, my hon. Friend the Member for Don Valley (Caroline Flint) and say, "Look, these people won't see me, but I want to talk about this case." That went on for a long time, but only last week did Jim McKay, the chief executive, come to see me on the Friday morning. He came into my office and, lo and behold, said, "I can't talk about the case." "But I need to know," I replied, "I've got an Adjournment debate and I want to know your take on it." "I'm sorry," he said, "I can't talk about it." "So what are you doing here? If you can't talk about it, you'd better leave", I replied. So, it was a useless meeting. He came to see me only because he was forced to by the Minister, but he would not talk about the case. I thought, "Is this a court of law? Is there a law thing with these people in the trust? Is there something they can't discuss?" Why can they not discuss the case with a Member of Parliament and instead ignore him when he is trying to get to the bottom of it?

Dr. Ghosh's solicitor has written that she remains concerned about the interpretation of the regulations governing suspension post-Shipman, which I understand are complex. The solicitor has interpreted those regulations and the nature of the advice given. In other words, she has questioned the PCT's interpretation of the rule under which Dr. Ghosh was suspended. She wrote letter after letter to the PCT and never received an answer.

Dr. Ghosh is up on the 19th, but he has been told that he cannot have legal representation. I do not know whether that is true, so perhaps the Minister can tell me. Can a doctor bring a lawyer or solicitor in such cases? Apparently not. Dr. Ghosh can bring a friend or someone from the British Medical Association, but he cannot bring his solicitor. Some 20 people from his ex-staff will be interviewed, all of whom have made allegations—very poor allegations, I might add, which I have here—but he is not allowed to question or to cross-examine them. If that is the case, anyone could say, "Well, if I'm not going to be cross-examined, I'll stick one on him—not a problem." That is disgraceful and unfair. Dr. Ghosh has a right to cross-examine those people and what they say about him.

One of the people in the investigation has claimed that Dr. Ghosh was having an affair with one of his staff. Dr. Ghosh was shocked at that. The girl in question has not been interviewed. What happens if I pick the phone up and say to that girl, "Look, you're in a report saying you had an affair with Dr. Ghosh. I would go and see your solicitor and sue"? There is no proof—the allegation came from a third party. Pauline Fryer, the head of corporate affairs at Newcastle PCT, alleged that Dr. Ghosh paid his staff money when he took them places. Well of course he paid them money—he had to pay them subsistence allowance, which was in their

[Mr. Ronnie Campbell]

contracts. If they went anywhere with him, he paid them their subsistence allowance. What is the investigator suggesting he paid them for? Sex?

I do not know what is going on. The Minister should have an inquiry and consider the matter seriously to see exactly what has been happening. Who is right in their interpretation of the law? The solicitor has said that Dr. Ghosh should be entitled to legal representation, but the PCT says that he is not. Who is right? They go on to say that there is a similar case pending in the administrative court. They suggest that Dr. Ghosh's case should be put off until it has been heard. I know nothing about the pending case; that is what the solicitors say. However, doing that will mean that Dr. Ghosh will be suspended for a lengthy period, unable to practise and to care for his patients as he wants to. That is the state of affairs at the moment, but it gets worse.

I want to challenge the committee. It is supposed to be independent. There is only one independent doctor on it, whom I do not know. I know everyone else on the committee, and they have been involved in the case from the beginning. It is as if a detective were the prosecutor, a chief constable the judge, or a policeman the jury. Dr. Ghosh does not have a chance in hell of getting a decent decision. The same people who wanted the investigation and started the suspension will make sure that he does not practise again.

On what grounds is that happening? Because someone won a tribunal. People might want to say that, but Dr. Ghosh can equally say, "Wait a minute. I was found not guilty by a unanimous jury in the Crown court." There are balances. However, they want rid of him. As I said, they have already given his practice away to another doctor. We must wait to see what happens when they get rid of him—because they will; the decision has already been taken. I was told that on the grapevine by some members of the primary care trust, who told me "You are wasting your time, Ronnie. They are going to go for him."

In the end Dr. Ghosh will have to take the matter to court; he will have to sue. That is the only answer that I can see. The allegations are grave, but none of them can be defended. If the girl who worked for him is supposed to have had an affair with him, which is what they have claimed, in writing, she should take the matter to the High Court, too; she should sue.

There are other aspects to the case. A doctor—he has gone now—called Dr. McCullen made a racist remark to Dr. Ghosh, about which Dr. Ghosh obviously complained to Mrs. Frazer, who is chairman of the trust. She made some investigations. There was evidence and there were witnesses. To this day, Dr. Ghosh has never received an apology for the racist remarks.

Another case came to light of Mr. Sayeed, a Pakistani who has shops in Blyth. His daughter went to see Dr. McCullen because Dr. Ghosh was suspended and Dr. McCullen was seeing some of his patients. A racist remark was made to her. Her father made a complaint to Dr. Frazer, who is chairman of what I call the kangaroo court. Nothing happened. There was no letter of apology. Two proven racist remarks by a doctor were swept under the carpet by Dr. Frazer.

I sent Dr. Frazer a letter, asking what was going on, why the complaints were not being investigated, and why there were no letters of apology. I am still waiting for a reply from the primary care trust. I never received a reply, so I do not know what they are trying to hide.

I talked to another doctor, who I have known for some time, who said, "There was a lot of trouble in north London a few years back, when Peter Mitford was in charge of the committee"—the kangaroo committee. "Dr. Mitford was the chairman and he hounded Dr. Aman and Dr. Khan." Dr. Aman was interviewed in a general medical magazine about how he was hounded out. I have been trying to get a copy of the magazine, but it was published a few years ago. He cited racial abuse in the relevant primary care trust in north London at that time.

Dr. Khan left the area. I think that he is now practising somewhere in Newcastle. I have been trying to trace him. He had the same problem. He was harassed out by Dr. Peter Mitford. I suddenly found out that Dr. Mitford and Dr. Frazer were in the same practice in Morpeth. I am not making any suggestions, but I am drawing a comparison. Two complaints about racist comments were made about which nothing was done. Those two doctors worked in the same practice, and they have now left to take up big jobs in the PCT.

It is difficult to get any information on this matter at the PCT because the people concerned will not talk to me. They will not meet me—well, I did manage to arrange a brief meeting with someone, but they would not talk to me. I cannot get anywhere with them. That is why I have had to have this Adjournment debate. I thought about meeting the Minister, and perhaps I should have done that first, but I got very upset because I was told by a good friend on the health authority that what would happen to Dr. Ghosh was signed, sealed and delivered.

If Dr. Ghosh has done wrong, he should be sacked—doctors should get sacked if they do wrong. However, I must repeat this because it vexes me: he has not been found guilty in a court of law—in a Crown court of law, before a judge and jury. He has been found guilty at a tribunal, with a solicitor and two lay people deciding. I do not know why one route has been taken rather than another. It is as if such decisions are plucked out of the sky—"Well, we'll do that, because it seems like a good idea." I have now been told that Dr. Ghosh's clinical record will be examined. They are not satisfied with the questions asked so far. They want to take a look at other matters. They are having a go at him, and I do not know why. If Dr. Ghosh is a serial abuser, he must pay the penalty, but people who have known Dr. Ghosh for years do not believe that he is a serial abuser.

I wrote down some of the questions that were asked. "Did Dr. Ghosh comment to the staff that he liked them to wear short skirts?" Dr. Ghosh paid a lot of money for uniforms for his staff. He took that money from the budget. They all wear the same uniform. So why did the investigator ask about that? "Did you ask one of your staff to marry you?" He is a single man, so I suppose that he can propose to anyone he wishes to marry. It is funny that Dr. Frazer, who chairs this kangaroo committee, married a practice manager. I wonder whether he asked her to marry him in the surgery.

Those questions show what that investigation is really like—when a man's livelihood is on the line. Another question was asked about a named employee, but I will not mention her name because I do not think that names should be mentioned. Dr. Ghosh was asked if he had touched her neck. Who is making these allegations? "Did you touch her neck?" What does that mean? Another question was, "Did you stand close to your employees?" I have been in the practice and it is not very large. I hope that the Minister does not stand too close to me at the bar this evening, because she might get into trouble over it.

Some of those questions are not worthy of comment. That is the sort of stuff that this doctor has to endure, and he now sees his livelihood and practice disappearing. If what has been predicted comes true, he does get the heave-ho, and his practice does go down the Swannee, I will return to this Chamber to remind the Minister that I told her that that would happen, and she might be able to reply then as well.

4.49 pm

The Minister of State, Department of Health (Ms Rosie Winterton): First, I congratulate my hon. Friend the Member for Blyth Valley (Mr. Campbell) on securing the debate. This matter is clearly of great concern to him and, as he said, he has made representations to Ministers about it in the past.

I hope that my hon. Friend will understand that it is difficult for me to comment on individual cases, but I thought that it would help if I set out the procedures by which general practitioners in the NHS are regulated. GPs are covered by the Health and Social Care Act 2001, which requires them to be registered on primary care trust lists to provide or to assist in providing general medical services. That enables PCTs to refuse to admit doctors to, or to remove them from, the lists on grounds of unsuitability, inefficiency or fraud, and to suspend GPs to protect patients or act in the public interest. The Act also abolished the NHS tribunal and established the Family Health Services Appeals Authority as an independent tribunal.

Under the National Health Service (Performers List) Regulations 2004, which came into force last year, a PCT is expected to investigate any concerns about any aspect of a doctor's performance. Those concerns can be based on information from any source. In the most serious cases, the sanction can be dismissal—removal from the PCT's performers list. As I have said, the grounds for removal from the list are unsuitability, inefficiency and fraud. The PCT can also consider suspension from NHS practice as an interim measure to protect patients or to act in the public interest while an investigation is under way. When considering a suspension—which is not considered punitive, but a neutral act—PCTs are free to consider any information brought to their attention by a patient or other person or body, information obtained through the PCT's management of primary care in its locality, or any combination of the two. The suspension must be reviewed regularly.

Each primary care trust is responsible for carrying out its responsibility for maintaining its performers list, and the regulations set out the decisions that the PCT can make and the notifications and time frames with which it must comply. Each PCT is responsible for drawing up its own procedures for carrying out the process, including the composition of the panel if there is to be a hearing. Panel proceedings are for the PCT to determine, but they have to be in line with guidance produced by my Department. If a PCT decides to remove a doctor, there is a right of appeal to the FHSAA, which, as I have said, is an independent tribunal. There is not a right of appeal against suspension, because that is considered to be a neutral act designed to protect patients or the public. Given that framework, I hope that I can assure my hon. Friend that the Northumberland care trust has followed due process in their treatment of Dr. Ghosh.

Once the trust was made aware of the serious allegations against Dr. Ghosh and the serious nature of the employment tribunal's findings in January, there was a duty to investigate.

Mr. Ronnie Campbell: I referred to the committee: basically, it was the judge, jury and hangman. It had one independent doctor on it. I do not know who he is, but I know the others who sat on it. They should not be involved at that stage. The committee should hear the case but remain independent. Why are those people sitting listening to the case? They should be independent.

Ms Winterton: I will come to the composition of the panel and to the options that will be available to Dr. Ghosh in the light of the outcome of any hearing.

A formal complaint was made to the trust about Dr. Ghosh and, in a sense, that can run separately from the employment tribunal. The investigation was not dependent on it. If allegations had been made, the PCT had a duty to investigate.

Under the regulations, an internal investigation was set up at the end of January, chaired by a non-executive director of the trust, which included the acting chief executive of the trust and an independent member. The investigation was conducted, as my hon. Friend said, by the head of corporate affairs of a neighbouring PCT in order to ensure independence from the panel.

Mr. Ronnie Campbell: Was she—Mrs. Fryer, the head of corporate affairs—sitting on the committee?

Ms Winterton: The head of corporate affairs carried out the investigation and reported to the tribunal. That was in accordance with the regulations. A number of current and former members of Dr. Ghosh's staff were interviewed. The interim findings led to the extension of Dr Ghosh's suspension until the investigation is complete and any decisions dependent on it are reached.

I am told that the investigation has now reached its conclusions and that a panel meeting is to be held on 19 July to discuss the results of the investigation and to reach a decision. My hon. Friend asked whether a solicitor could be present. Under the guidance issued by the Department, neither the PCT nor Dr. Ghosh can have at the panel meeting a solicitor who comments directly. However, his solicitor can certainly attend the meeting with him to observe.

Ministers are not empowered to intervene between a trust and a doctor on the matter of the performers list, because primary care trusts are independent

[Ms Winterton]

organisations. However, Dr. Ghosh will have a right of appeal to an independent tribunal if he is not satisfied with the outcome of the hearing on 19 July. In addition, if he chooses to go to appeal and that appeal fails, he will be able to go to judicial review.

My hon. Friend made it clear that he was dissatisfied with the locum provision. I have been informed that locum cover arrangements were put in place and that those involve the use of a locum previously approved by Dr Ghosh. The arrangements have meant that it has been possible to cover his practice on all but a small number of occasions.

I understand that Dr. Ghosh was contacted about the allegations of racism that were investigated by the trust. That is obviously a difficult situation and I understand my hon. Friend's concerns. However, I think that the trust has followed procedure as laid down in NHS guidance. I hope that I have been able to outline the alternatives that Dr. Ghosh will have if he is not satisfied with the outcome of the investigation and the hearing on 19 July.

Youth Policy

5 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I am grateful for the opportunity to have this short debate, and I welcome the Minister to her new responsibilities. I hope that she enjoys her new job.

Will you allow me 30 seconds of indulgence, Mr. O'Hara? It would be odd to start a debate about the future for our young people without sharing the excitement that many of us feel at the announcement that we have won the bid for the 2012 Olympic games. I say to the Minister—and therefore to the Government—that all of us can only sincerely congratulate the Prime Minister, the Secretary of State for Culture, Media and Sport and the Minister for Sport and Tourism.

I also add without reservation my congratulations to the Mayor of London. I wish that I had been doing that job at this time, but one cannot win all the prizes. I also congratulate Seb Coe, Craig Reedie and their teams. It has been a really encouraging day for the country as a whole, but for young people especially. I was delighted to be in Trafalgar square at a quarter to 1 with many, many others.

I have called this debate on this momentous day, knowing that—hopefully, within days—we shall get the Government Green Paper on the future of youth services. I shall press the Minister on that in a second or two. I want to make sure that at the beginning of this new Parliament the case for a really well resourced, developed, growing youth service is put again. That would serve England well. A good youth service with more qualified, competent and good youth workers can do phenomenal good for young people in their development from children into adults.

From all my political and pre-political experience, I am clear that such things are as important for fit, healthy and safe communities as are good homes and schools. Together with sport, if youth services can be well developed we shall have a much happier and healthier society.

I am patron of various constituency organisations, as are other hon. Members in their patches, but my only formal interest is that I am one of the parliamentary vice-chairs of the Commonwealth Youth Exchange council, which does good work that it wants to expand—with, I hope, a bit of encouragement from the Foreign Office. I put that on record, because the bid keeps going in.

I shall make a couple of general remarks, given the comments from the press and other sources in recent weeks. There is a regular clamour, particularly in much of the local and tabloid press, about how young people do not have respect and are not what they used to be. Of course, a minority behaves badly and that behaviour is rightly to be condemned, as are the failures of their families, which, in many cases, are equally responsible.

Young people often say that if they are given respect, they will reciprocate—and they deserve that presumption. The youth service deserves that respect too, because there is some really good work and practice in every single local authority up and down the country. If we can develop the youth service in the statutory and voluntary sectors—sometimes through faith groups,

sometimes through other organisations; uniformed and non-uniformed, traditional and modern—there will be much less bad and antisocial behaviour from that age group in our cities, towns and villages. Bluntly, we would probably end up with far fewer calls for an end to hoods in shopping centres, including at the Elephant and Castle in my own constituency, just over the bridge.

If we work on this agenda well, I am sure that young people will respond well, get less of a bad press and begin to get out of that cycle of criticism. I hope that collectively in this Parliament we will stand up for young people and not run them down, and that the Minister will see that as one of the items on her agenda.

I shall give a few undisputed facts. The last figure that I had was that there are about 4.3 million youngsters between the ages of 13 and 19 in England. In ball-park figures, local education authorities spend between £300 million and £400 million on youth services in England, from core funding, as it were; I think that that is the right figure. Some £100 million comes from other funding, and some money—about a quarter of that: £25 million—is given to the voluntary sector. Those are the ball-park figures; we are talking about £500 million a year. About a quarter of young people of the relevant age range are in contact with formal youth services. About half that group are involved intensively, the other half less frequently.

Of the 8,000 members of staff, about half are full-time, and the other half are the equivalent of full-time. There are also 16,000 or 17,000 who do what used to be called part-time hours and who are now called support workers. The latest statistic suggests, although averages are always misleading, that there is roughly one youth worker for every 500 young people up and down the country. The Minister will know, however, that the amount spent locally varies hugely. I do not criticise that or argue that a similar amount should be spent, because local variation sometimes results in better value for money, but the amount does vary significantly.

At the bottom end of the range for that age group, the average amount is £71 a head, the lowest is as little as £40 a head, and the largest goes up to £200 a head. A question that people always ask is why there are such different priorities in different parts of the country, many of which are not hugely different from each other. Some regions are much lower spenders than others. The two midlands regions, the south, the south-west and the eastern regions spend less, while London, the north-west, the north-east and Yorkshire and Humberside spend more. My borough, which my colleagues have run for three years, spends about £141 per young person on its youth services. Inner London tends to spend more than many other local authorities elsewhere in the country.

When I first came to Southwark to settle permanently after college, I was a youth leader with the Greenhouse trust in Camberwell in my spare time. The trust still exists, and I shall talk about it in a moment. I learned about the level of need, which I shall illustrate briefly, and about the continuing need for support in order to do the work that everyone accepts needs to be done.

I have five figures, which I know have been given to the Minister, so there is no dispute; I merely place them on the record so that we can agree about the basis of the need. More than one in 10 of the children—just under 6,000—have parents who are never at work, are long-term unemployed, or have never worked. That is twice the national average. Just under 25,000 dependent children, which is half of all Southwark children, are living in overcrowded accommodation, and have all the more need to get out and do stimulating things such as exercise away from home. That is one in two and is much greater than the national average, which is not much more than one in 10.

Almost half of dependent children—some 23,000—are in one-parent families, which is double the national average. In addition, some 3 per cent.—some 1,500—are not in a family at all, which is three times the national average, and about 650 children are in foster care or local authority care, which is more than double the national average. Those are the special needs children.

There are also other children who do not have special criteria but who are simply young people who want to escape their parents and school and do other things. The very well respected head of youth services, Karl Murray, whom I have known over the years, and his predecessors make the same point that they have always made, which is that they want more youth workers because there is much more demand for youth work.

Some very good initiatives came out of the tragedy of Damilola Taylor's death. There is a new centre in the neighbouring constituency of the Minister of State, Department for Constitutional Affairs, the right hon. and learned Member for Camberwell and Peckham (Ms Harman). It is now used very actively, and I give all due credit to those who use it. There is also a young people's magazine project, which is what it says it is, and a detached youth work team in Nunhead.

So there is very good practice, but I shall give four examples of where parts of the system are struggling for lack of resources and support. This morning, I visited the Geoffrey Chaucer school in my constituency with XLP—a Christian youth work organisation that won the Queen's award for volunteering in, I believe, 2002, and has been going for nine years.

XLP provides counselling and support in schools and helps with arts, reading and other education. It did a presentation at the school this morning, and it was simply brilliant, engaging a raft of kids at 8.50 am. I must say that Geoffrey Chaucer school does not have a tradition of children sitting quietly in rows and listening, but they were in really good form.

We were there because I had a meeting with the school and with someone who might help it with funding because it is struggling to find funding that will continue. One of its key funders, the Church, cannot fund it as it used to, yet it has huge demands on its time. The local authority gave it a bus, which it uses two days a week on the estate. It wants to use it five days a week but does not have the resources to do so.

The Scouts in Southwark were on to me recently because there is a risk that one of the places to which they go in the Thames valley for canoeing will not be available anymore and because, in some of the voluntary community premises, they do not have places to do their scouting.

The Salmon youth centre, which is in Bermondsey, has a brilliantly planned new building and is a really good new project with which I have been involved for a

[Simon Hughes]

long time. However, it is 20 per cent. short of what it needs to get back up and running. The Greenhouse Trust, at which I started my Southwark life, is struggling to expand special work with younger children with particular needs.

That is happening in a borough in which the talent is unarguable. The Minister may not know this, but last weekend the London youth games were held at Crystal palace. Not only did Southwark, for the first time, become the best inner-London borough, but it got the best result of any inner-London borough in the history of the London youth games. So the energy, talent and willingness to do well and succeed is there.

When Southwark young people are asked what they want, their answers are unsurprising. They want three things. First, they say what nearly every adult throughout the country says: "We want more things for young people to do." Secondly, they say, "We have problems with other people hanging around." Thirdly, young people say, "We have problems with crime"—being attacked, harassed, and so on. The issues are no different.

Really good youth work—from rural youth work in villages in Dorset to inner-city youth work in London—is vital as a bridge between school life and home life. It often produces role models who do things that parents and teachers can never do. Often, youth clubs are the places that young people go to in their most difficult periods.

Mr. John Leech (Manchester, Withington) (LD): My hon. Friend is probably not aware that in south Manchester the police have been instrumental in raising thousands of pounds to buy a youth bus for my constituency and those south of the Mersey. Unfortunately, the use of that bus is dependent on the availability of youth workers to staff it. Having raised all that money and provided a facility that is good for young people, and well tended when in use, the problem is having the resources available to staff those buses on a regular basis so that it is in use all the time rather than a couple of nights a week or a couple of afternoons at the weekend.

Simon Hughes: I did not know that, but I know my hon. Friend's part of Manchester. My hon. Friend the Member for Solihull (Lorely Burt) is also here. I bet that, in the west midlands and the north-west, including in the Minister's constituency in the Wirral—

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): My constituency is in Liverpool.

Simon Hughes: I beg the Minister's pardon. I was thinking of her sister's constituency.

Maria Eagle: There is a difference.

Simon Hughes: I know. Those constituencies face the same issues as does London.

I end with my policy questions. First, when will we get the Green Paper? Will it come before the summer? It was due last September, but got deferred. It was coming before the election, but somehow did not come and everyone is waiting.

Secondly, will the Government consider having the same sort of campaign for recruitment and retention of youth workers as was successful in increasing the number of nurses and police officers some years ago when we were short of them? It would benefit us and I am sure that it would be taken up if we did it properly.

Thirdly, will the Minister confirm that it is Government policy that youth services should be available not just for those with special needs but as a universal service accessible for all young people? Youth services should not just be targeted on those who are thought to be particularly needy.

My fourth question is the most controversial and topical. It would not have been a question a month ago. Although we can understand why private owners of shopping centres such as Bluewater say that they will ban hoodies, does the Minister agree that that response is not helpful? It starts to demonise young people who are wearing something fashionable. If we said that they could not come in wearing trainers or certain sorts of jeans, it would become nonsensical. We must try to respond positively to young people's needs rather than saying that they cannot go somewhere and are not accepted.

Fifthly, will the Minister be clear that youth work is principally best outside school? I am in favour of wrap-round school provision. I chair a school governing body and we will do it in my school. However, that is a different issue. It is important that we do not just think about 8 till 6 provision but about evenings and weekends.

Lorely Burt (Solihull) (LD): On that point, I wonder whether my hon. Friend is aware of some excellent provision that is being made in my constituency, where there is an innovative scheme called teen spirit, of which hon. Members might have heard. However, the amount of funding for youth services in my constituency is very small, and I know that my hon. Friend will point out that there is equally little funding in other constituencies. Solihull was 138th out of 148 English local authorities in terms of provision in 2001. That situation has improved, but we are still near the bottom of the fourth quartile for funding. Will my hon. Friend ask the Minister to give us an assurance that the necessary funding will be forthcoming, so that we can continue to grow such excellent services for our young people?

Simon Hughes: I hope that the Minister will be very positive, although she will probably say that it is partly the responsibility of the local authority. One of the problems for all of us is that I have never known funding for the youth service to be a core local election issue. We need to do more to ensure that it is on everybody's agenda, whatever their political party, so that it is not something that the local authority can ignore. The needs of young people in Solihull are fundamentally no different from those of young people in Withington, Southwark or Liverpool.

Edward Miliband (Doncaster, North) (Lab): On the hon. Gentleman's fifth point, about the balance between

schools and services outside school, would he agree that part of the key is to find ways of discovering what the young people themselves want? We might think that we know what young people want, but it would be far better to find innovative ways of asking them, and for that to be at the core of any youth strategy.

Simon Hughes: Absolutely. I have not yet welcomed the hon. Gentleman to Parliament, and I do so now. The next point on my list was to ask whether the Government will give encouragement and support to young people who want to set up their own youth clubs—that is, to go and ask what they want. It is a slightly different, but connected, point. A couple of years ago, I went to south Wales. There had been problems in a very poor area of the valleys, and young people said that they wanted a shelter. That was all; a shelter to hang around in. They got the wood and built the shelter, and solved half of their problems in that town.

I have three questions to go: I draw the Minister's attention to Tom Wiley's speech in which he used the mnemonic "respect" to set out what was important for a good youth service—relevance, entitlements, sustainability, participation, evidence, community, transitions. I respect him greatly—he has done hugely good work—but I am not sure that there could not have been a better version of that phrase. The basic message is, "show respect for young people". It is all about a set of things that are available to them.

Last but one: is it a principle that we will grow the youth service, its funding and its participants? That must be the right thing to do. The inevitable last question is—I expect that the Minister always has it on the list when she is given a brief—is it a possibility that at last, after 60 years, we can have a statutory youth service rather than a non-statutory one? I know that it is not the answer to everything, but if there were an obligation to provide education and services for adults, services for old people and services for young people, at least everybody's mind would be focused. I hope that we can have a very positive dialogue in this Parliament, and that it will be all to the advantage of young people. I would like to see a coalition for building support across the parties in their interests.

5.19 pm

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): First, I congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on securing the debate, which has necessitated his coming back from the celebrations in Trafalgar square. I am happy to join him in the congratulations that he was liberally spreading around at the beginning of his speech in response to the fantastic news that London is to host the 2012 Olympic games. That announcement went down as well in the House of Commons Tea Room—where I watched it, and a wonderful moment it was—as it did in Trafalgar square.

I hesitate to say that we will take the Green Paper away in order to incorporate the fact that the 2012 bid has succeeded; as the hon. Gentleman said, we have been waiting a little while for it. To put him out of his misery and answer his first question, it will be soon. He will not have to wait much longer. I cannot spill the beans any more than that, but he ought to realise that that is a positive thing for a Minister to say in reply to any debate.

I am particularly glad that the hon. Gentleman raised this subject. It is characteristic of him to have done so; it is well known in the House that he has an interest in this field relating back to his work before he came here. It would be wise of Ministers to listen to his opinions on this issue. I have enjoyed listening to him, and am glad that he appealed for some cross-party consensus on the issue, as that could only be a positive thing.

I assure the hon. Gentleman that we have been working together across Government to improve the life chances of children, young people and their families. It is particularly important that that work does not stop when children reach 13, and that we do not then say that we have sent them off and that they can make the rest of the way themselves. It would not be sensible policy making not to have good youth policies, which can have a direct impact on the lives of young people and on society more widely. As he said, this issue is not only about children in need, although it is important that youth service work should focus on children in need.

It is tremendously important that youth work should be more accessible to a wider range of young people, because of the impact that it can have on their lives. It can play a critical role in young people's personal and social development by helping them to aspire to the future, develop themselves, stay in good relationships, understand and appreciate our rich and diverse cultural heritage, have fun, learn how to take calculated risks, build their confidence and make informed choices, thus helping them to turn into thoughtful, mature, well-rounded, responsible and caring adults. Youth work at its best can make sure that people reach that level of development who might have had more difficulty in doing so without youth work intervention.

Good youth work can also challenge young people's perceptions, attitudes and behaviour. The hon. Gentleman mentioned several times the fact that the behaviour of some young people gets a disproportionate amount of attention. It is important that young people become a part of society, rather than see themselves as being outside it, or rebel against it to too great a degree. We want to ensure that our young people will turn into the responsible adults that we know they can be. They are the future of the country. I do not complain about the focus on behaviour, but it sometimes distorts the many good stories about how fantastic many of our young people are, and the great things that many of them do for our society and their communities.

If all young people are to fulfil the potential that we want them to, it is important that they grow up in communities in which they feel safe. The hon. Gentleman told us that young people say that feeling safe and not that they are about to be the victims of crime is as important to them as anyone else in society. That puts the debate about hoodies into context. Feeling safe and secure in one's community is a concern to people of all ages, so we need to have a proper balance on that.

The hon. Gentleman asked about making sure that there is more and better youth work, and more youth workers. He will know that the Government recognised

[Maria Eagle]

that point in 2001 in their transforming youth work agenda, the intention of which was to raise the quality and quantity of youth work throughout England. That recognised that youth work had been something of a Cinderella, perhaps underfunded, service in the past. That is an important part of our policy agenda.

The hon. Gentleman referred to local authority youth services and the active and thriving voluntary and community sector, which many communities have, particularly in Southwark. I know that his authority spends a higher percentage than some on supporting local community groups and voluntary organisations. That is important. He gave some examples from his own experience and from his constituency, particularly that of the Salmon youth centre, which is a fantastic example of local initiative. It is gathering a dauntingly large sum of money in one place and is on the point of doing something incredible in what he has described as quite a deprived community—a point which I accept. That kind of service and such facilities would be well used and welcome and can only have a positive impact. We support that.

We have developed a clear specification for an excellent youth service through the publication of "Transforming Youth Work: Resourcing Excellent Youth Services". We are trying to ensure that local authorities know what translates into such services. We have provided extra resources targeted at service improvement. I am talking about an extra £11 million this year. We have also tried to ensure that management training and development are improved, to ensure that we can draw more people into youth work. As the hon. Gentleman will know, it is a rewarding and important career for those who have an interest in the field.

The hon. Gentleman asked some questions and perhaps I ought to get on to answering some of them. I have said all that I am going to about when the Green Paper will arrive. He will not have to hold his breath too much longer. He asked whether we intend to grow the youth service. There is a commitment through "Transforming Youth Work: Resourcing Excellent Youth Services", the support we are putting into enabling local authorities to understand what a good youth service is and the Ofsted inspections that are taking place. I know that his authority has not been inspected since 1995, but I suspect that it would do rather well. It will be inspected at some point before 2008.

All those things, combined with the extra resources, focus the minds of local authorities, which is where this action has to be led and implemented in a given local area, on ensuring that they can make the improvements and give this service a higher priority. The Green Paper, which is not too far in the future, will provide a further boost to that process. We want to stress to local authorities what they can do to show the positive impact of young people being in charge of things that are going on in their area.

The hon. Gentleman made references to places to go and things to do. We will consult on a number of issues that we think are important in reforming the delivery of services to young people. Those will include access to exciting, enjoyable activities in and out of school or college. They should enhance young people's personal, social and educational development and give them the opportunity to have the achievements that they make in those areas recognised. Another issue will be easier access to personal advice and the support that they might need to fulfil and raise their aspirations, which will include high quality and personalised careers education advice and guidance and some more targeted interventions where children need that. Better and earlier support for young people who demonstrate risk factors associated with poor school attendance, poor behaviour or poor attainment will be included, to try to ensure that people do not go off at a tangent and then find it more difficult later in life to get back to where they would have wanted to be.

There will be consultation on greater access to specialist services, and opportunities for volunteering and mentoring, which will build on the proposals in the Russell commission and the successful millennium volunteers programme, for example.

We know that young people are ready and willing to support others when they are given the chance, but they just need an opportunity. We want to ensure that young people can have more of a say in developing local support and activities. There will be some exciting proposals on that in the Green Paper. I shall be interested to hear what the hon. Gentleman has to say about those when he gets to see it. My hon. Friend the Member for Doncaster, North (Edward Miliband) mentioned the issue as well.

The youth Green Paper will launch an exciting change agenda for young people's services. It will put young people at the centre of those developments. Good youth work will also be at the heart of it. That fits in well with our entire "Every Child Matters" agenda. It applies a little further up the age range, but none the less it is an important part of the way in which services for children and young people will be transformed in every local area in this country. I hope that when the Green Paper arrives shortly, the hon. Gentleman will respond to it. I look forward to seeing what he has to say, and I hope that it will set off a debate about the future, which will be tremendously helpful in all our communities, whether it be in Liverpool, Southwark, Solihull or even Manchester.

Question put and agreed to.

Adjourned accordingly at half-past Five o'clock.

Westminster Hall

Thursday 7 July 2005

[MR. MIKE HANCOCK *in the Chair*]

Sustainable Development

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Cawsey.]*

2.30 pm

The Minister for Climate Change and the Environment (Mr. Elliot Morley): It is good to see you, Mr. Hancock, in the Chair today. This debate has been overshadowed by the dreadful events in central London today and I know that the whole House is united in our thoughts for the people who have been killed or injured and their family and friends. I am pleased that several Members are here for this debate.

Sustainable development is an important issue. It must underpin the Government's policies and we must have an effective strategy for it. I am glad that the strategy that the Government launched on 7 March, "Securing the Future", and the attention and high priority that the Government have given to sustainable development were widely and warmly welcomed. The strategy was launched by the Prime Minister and the launch was attended by Ministers from various Departments, which publicly illustrated the fact that sustainable development is a matter for the whole Government, not for any one Department or just for the Department for Environment, Food and Rural Affairs.

At the heart of the new strategy are five guiding principles on sustainable development: first, ensuring a strong, healthy and just society; secondly, living within environmental limits; thirdly, achieving a sustainable economy; fourthly, promoting good governance; and finally, using sound science in a responsible way.

This is not the first UK sustainable development strategy. It builds on previous strategies that were launched in 1994 and 1999, but there is a great deal in it that is new. It reflects the views and opinions of many people who responded during the public consultation. The whole idea of the strategy was to involve the public—to get their ideas and views—and it was a useful exercise.

The strategy places an emphasis on the need for co-operation between government and wider society to promote sustainable choices. In practice, sustainable development comes down to the numerous, everyday choices about how we live and work. It is an issue for all of us individually as well as collectively.

Achieving sustainable development will depend largely on long-term changes in the behaviour of the stakeholders who were involved in the consultation, individuals, communities, businesses and the public sector. We all have a part to play in fostering greener and more sustainable choices while continuing to support a stable economy. Of course, there are challenges. Unfortunately, unsustainable patterns of behaviour are all too often the norm, despite many dedicated individuals and groups showing what might be achieved. We all know about that from trying to encourage people to use public transport, to recycle waste or to use less energy. Many unsustainable habits are embedded in our normal patterns of behaviour, and that is a challenge for us.

That is why the strategy emphasises the need to understand more about the social and cultural influences that shape our consumption. We will look for ways to enable behaviour changes that are focused and meaningful to our audience. I draw the attention of the House to our proposal to establish a new service called Environment Direct. The idea is to provide consumers with information about the choices that they can make when purchasing and using products, to enable them to minimise the environmental impact. That will be predominantly a web-based service. We are in the process of putting that together now.

It is also important that the Government lead by example and encourage the public, business, and the rest of the world to follow us in making long-term choices for the good of the planet. We must do that in our policies, but also in our practice. The public sector in this country spends more than £125 billion per year. That represents an enormous influence for furthering sustainable development, new innovation, new companies and new ways of looking at whole-life assessments.

We are beginning to use the absolutely crucial tool of sustainable purchasing, but we can develop it much more. I am pleased to say that we have established a sustainable procurement taskforce, which will produce an action plan in April 2006 setting out how the public sector can embed sustainable development in procurement. We have demonstrated, with our policies on procuring sustainable timber, for example, how the whole market can change and what influence that can have. That has been enormously successful in changing attitudes and behaviour, and in assisting work with developing countries to promote sustainable logging.

During our presidency of the EU one of our priorities will be to lead work on promoting sustainable—or "green coloured"—procurement throughout Europe. In October we will host a workshop with representatives from all member states to discuss how to improve environmental performance in public procurement across the EU. As part of that we want to establish an EU-wide benchmark, so that the average performance in 2010 will match that of today's best-performing states.

Public procurement is also a focus of the European environmental technologies action plan, which sets out a range of actions to stimulate innovation and new business opportunities. That is important because success, both here and in Europe, depends on businesses fulfilling the growing consumer expectations of higher environmental and ethical standards, and on cutting out the negative impacts of growing material resource consumption. New materials, energy technologies and innovative product design will be a crucial part of that.

The strategy sets out a challenge to all of us in the UK to live more sustainably, and to choose healthier and happier lives. However, we know that making difficult choices today for a better tomorrow is often hard. Our Together We Can action plan, which was launched on 28 June—and which, again, is a cross-departmental initiative—describes how communities can work with the Government to secure the future. That will be

[Mr. Elliot Morley]

supported by programmes to encourage communities to save energy, recycle, play their part in tackling climate change, improve local neighbourhoods, support healthy eating and exercise, and promote a range of other sustainable development issues.

The strategy also recognises that there is a need to improve the local environment in our most deprived communities. Some 56 per cent. of local environments in England in 2003–04 were described as unsatisfactory or poor. That has improved by 12 per cent. since 2001, but the figure remains unsatisfactory and we have a long way to go.

There is also an issue of social justice, because people in our most deprived areas generally have the worst local environments, with vandalism experienced by 27.9 per cent. of households in deprived areas, as compared with only 6.6 per cent. elsewhere. Air quality is often poorer and residents in deprived areas are much less satisfied with refuse collection services than the average population. Two London studies suggest that poorer households are also less able to access recycling services.

We want to make England cleaner, safer, greener and healthier. I am pleased that recycling rates are increasing, and we recently granted new powers to local authorities to tackle those issues under the Clean Neighbourhoods and Environment Act 2005. We have also provided programmes of funding, support and guidance on such matters with "Living Spaces" and the "How to" guides. For the future, we want to provide everyone with much better information about the quality of the local environment in their area through data on their doorstep to encourage and inspire communities to act.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): In passing, as my hon. Friend is talking about the UK sustainable development strategy, I hope that it is not only England that we make greener. Much of Scotland is green enough thanks to the generous rainfall, but it is important to emphasise that the strategy is a UK strategy, allowing for the devolved interest.

Will my hon. Friend say a bit more about Environment Direct and how it will relate to the other initiatives that have been launched to encourage people to choose a more sustainable way forward in their personal lives? It is important that there should be as much publicity as possible of the various sources of information available and that they should be as clear as possible, to maximise the opportunity that exists.

Mr. Morley: Environment Direct is linked with a range of Government strategies. I mentioned the "How to" guides, for example. There could be a link between Environment Direct and "How to". It will also link in with the £12 million budget that we have for a promotion later this year on climate change, what it means and what contribution individuals can make. Incidentally, that £12 million is not just for an advertising promotion, although that will be part of it because it is important; it will also be about funding local groups and trying to give some support at grass roots level to groups that are working in communities to promote energy reduction and insulation, and offer advice.

The advantage of Environment Direct is that there will be information for people and consumers who want to make informed choices. For example, the latest washing machines and dishwashers use a fraction of the electricity and water used by those made not very long ago. In fact, they are now graded from A to F in relation to energy use. That is an important step forward in terms of consumer information. It has completely changed the white goods sector because no manufacturer wants to put anything on the market that has not got an A rating. People look for the A rating. There is even a new rating of A plus, which goes beyond the A rating. I am glad to say that the washing machine that I bought recently has that rating.

Norman Baker (Lewes) (LD): The Minister will remember the parliamentary questions that I have asked about TVs and other goods on stand-by, which he was kind enough to give reasonably full answers to. Does he agree that it is a deplorable waste of energy to have goods churning out carbon emissions for no good purpose? Would it not be better if, through EU legislation, manufacturers were prevented from having a stand-by mode and people had to choose that kind of function themselves, rather than having it automatically as a default?

Mr. Morley: I agree. I am glad to tell the hon. Gentleman that I recently launched the new eco-standard directive, which has come from the European Union. It sets new design standards and the first phase focuses on energy consumption and, in particular, the stand-by mode. Even as things stand, there is a huge difference in power consumption between different models of television, for example. Some TVs use 80 per cent. of their normal running power in stand-by mode. That is an incredible amount of energy. The more modern TVs use a fraction of that. The eco-standard sets new standards of design. Initially, it will be voluntary, although the Commission is obliged to bring forward at least one compulsory standard in two years. So, we will see that happen.

There is growing awareness of the waste of energy involved in things such as stand-by mode and how the design of electrical equipment can make a huge difference. Even though the first phase is voluntary, it is a challenge to manufacturers. If they do not respond to the new standard, it will inevitably be followed by compulsory standards. I hope that we will see those changes in the near future.

Mark Lazarowicz: I am grateful to my hon. Friend the Minister for the information that he has provided. May I just clarify one point? Will the £12 million for the climate change programme be available for activities throughout the UK, or is it restricted to England or England and Wales?

Mr. Morley: If my memory serves me right, I think that this is a UK programme—*[Interruption.]* Yes, I am pleased to say that my memory does serve me right.

Mr. Mike Hancock (in the Chair): The Minister did not seem sure.

Mr. Morley: It was just coming to me, Mr. Hancock. I was racking my brains. With devolution, we expect the devolved Administrations to bring forward their own action programmes in relation to their own priorities.

Sustainable development also means being able to go from local to global. For the first time, the strategy has integrated our national policy goals with our international policy goals. I have just given some examples in relation to climate change. We need to tackle the whole issue of greenhouse gas emissions. We have a high awareness of the issue in this country. The focus of the G8 and the EU presidencies has been helpful in that respect.

I am glad to say that we also have political agreement in this country that there is a need for action. The only argument is about how fast we are going and who has done more than others in the past, but that is not a bad position to be in compared with many other countries. The consensus for action in this country is important and will help us achieve the ambitious domestic goals that we have set. We are well on track for Kyoto and have already achieved our target, but we want to do more than that. We recognise that Kyoto is but the first step in the process, not the end.

Norman Baker: At the risk of trying the Minister's patience, can he be encouraged to answer this question a third time? There is consensus in this country about the science and the need for action, which is welcomed by all parties. However, there is no consensus in the G8, which is wrestling with that subject today. I am sure that the Prime Minister has been doing his best in Gleneagles, despite the difficult circumstances that we all face.

Does the Minister recognise that there may be a choice—I hope that there is not and I understand his position and desire—between a meaningful post-Kyoto process through the coalition of the willing and a meaningless piece of paper that the Americans consent to sign up to? I hope, as he does, that we can avoid that. If we cannot, are the Government in favour of the former or the latter?

Mr. Morley: That is a false choice. It does not exist. We can move forward on a multi-track basis and nothing will come out of Gleneagles that will alter our commitment to the United Nations forum on climate change or to our domestic targets, which go much further than the Kyoto agreements.

We seek to reach an agreement with countries such as the United States. That is important. Whatever agreement we seek, I am confident that it will be meaningful. I said in DEFRA questions that there is not the slightest chance that the UK will sign up to a meaningless agreement. I hope and believe that there is every possibility that we will be able to move forward on the subject of our contact with the United States and, incidentally, on the subject of our contact, co-operation and collaboration with countries such as China and India, that are also part of the G8 process. That does not mean that we will have to go in one direction or the other, but that we should follow all tracks. We should look for co-operation at all levels. I would have thought that the hon. Gentleman would encourage that.

We will see co-operation and progress coming out of Gleneagles. I am not in a position to say so for certain—I do not think that the final agreements have been drafted and I am sure that negotiations will go on right to the end—but I believe that the G8 will address climate change and will not undermine our commitments. It is a question, not of choosing one or the other, but of a multi-track approach.

Mr. David Chaytor (Bury, North) (Lab): Is it not a fact, however, that whatever agreement is reached at the G8 meeting, we cannot and should not set aside the post-Kyoto process through the conference of the parties? Whatever happens this week might be superseded or enhanced by an agreement in Montreal at the end of November. That is the formal legal process for implementing Kyoto and moving beyond it.

Mr. Morley: My hon. Friend is absolutely right. That is why we will not see and would not expect targets to come out of Gleneagles. Targets should be negotiated through the meeting of the parties in the Montreal conference.

I hope that we will see some thinking about post-2012 coming out of Gleneagles. I repeat that Kyoto is the start of the process and we have to turn our minds to post-2012. We have to think about how we will take that forward at the Montreal conference. The discussions from Gleneagles may play an important part in that, but Gleneagles is not a process for short-circuiting the international process of the United Nations. That is where such discussions should take place, as my hon. Friend rightly states, and where agreements should be made.

We want to develop a dialogue on climate change, clean energy and sustainable development that will complement the UN process. We are well aware that that will not be easy and that there are differences of opinion. From what I have seen already, the statements from President Bush on accepting the science and that there is a problem have gone far beyond what he has said publicly to date. That may not seem much to us in this country where we have long accepted those principles, but given the resistance that still exists in the United States and the vested interests there, it is a welcome step forward in itself. I hope that we shall see more than that, but we should not underestimate that step forward in recognising the priorities.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): To make a factual correction, I think that the process began not at Kyoto, but in Rio some years before. On biofuels—I declare an interest in the matter—oilseed rape and cereals are being exported to other countries in the EU to be made into biofuel, which is then re-imported into this country. That is crazy. The experts have told me that the problem is not simply the amount of tax rebate on biofuels, but the lack of long-term commitment. If they had a commitment of three to five years of the present tax regime, they would be encouraged to invest. There are active plans for a plant in the south-west, if they could have that long-term commitment. Will the Minister consider the matter seriously?

Mr. Morley: That is a serious issue and I accept that the discussion process started in Johannesburg, although the framework to which people refer started in Kyoto. There is no disagreement on that point.

On biofuels, I was talking to investors in a new biofuel plant that is being built on Teesside. Another is being built in Scotland. Investors in this country are interested

[Mr. Morley]

and I agree that a biofuel sector is important to climate change. It also offers benefits to farmers in this country and we should not underestimate that.

The climate change review is taking place and we will publicise the results. It is designed to guide Government strategy to help us meet our 2010 target, and biofuels are part of that review. I understand what the hon. Gentleman says. The duty rebate is but one measure that can be applied to biofuels. There are others.

We want to look at the whole issue of bio-energy and the supply chain. The hon. Gentleman will be aware that Sir Ben Gill has been tasked with producing a report on how we can develop a biofuel industry in this country. We have also made funding available to develop the supply chain for biofuels. We are committed and I hope that we can take that further.

This year, key meetings are taking place on sustainability. Gleneagles is an important meeting and I hope that it has a good outcome. There are also high level dialogues with China, India and Brazil in the EU summits with those countries. There is the Doha development agenda and the World Trade Organisation meeting in Hong Kong, which is important for trade. There is continued need for reform of common agricultural policy schemes, such as the sugar regime, which will come under the UK presidency. We want better regulations—the registration, evaluation and authorisation of chemicals proposals—and to review the EU's sustainable development strategies.

Again, as part of our presidency and within the climate change agenda we want to include aviation in the second phase of the European trading scheme and we believe that there is considerable support for that. There are time issues and we will not be able to achieve completion within six months, but we can bring the matter forward and start the process of including aviation.

The Montreal conference on the UN framework convention on climate change is coming up and the UK will lead the EU at that conference and chair the co-ordination meetings. I hope that we can play our role in taking the process forward within the UNFCCC agenda.

We will publish the climate change review towards the end of the year, and it will address many of the points that hon. Members have made. Work is ongoing on the energy efficiency innovation review, and the revised climate change review timetable fits quite well with that.

I have one final point, which is quite topical. I am glad to say that sustainability was a big feature of the successful bid for the London Olympics, and I had some input in that respect. The bid and the design are based on using recycled materials and water, on having a zero-carbon impact in terms of development and on green space. All of that will contribute to the legacy, which is also a strong part of the London bid, and I believe that that legacy will be sustainable for the future.

I am pleased not only about the success of our Olympic bid, but about the priority that sustainable design was given in our bid programme. I very much look forward to sustainable design being incorporated in the new stadium, the new Olympic village and the new housing that will be built in the area for the future. In terms of sustainability, that will be a very good legacy for a very long time to come.

2.56 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I am delighted to respond to this important debate on behalf of the official Opposition. Sustainability has become something of a watchword. Every political speech needs to mention it to gain any degree of validity. Defining it, however, is altogether more difficult because it is used rather loosely, so I hope that the debate can help us clarify what we mean by it.

It is right that we should recognise that sustainable development and sustainable models for production and consumption are essential if we are to respect our environment while allowing for improvement and development. If Britain is to play a prominent role in changing the models of production and consumption in the way that the Minister described—particularly during our chairmanship of the G8 and the EU—we must provide more than just talk.

As I said, it seems that sustainability must be in any speech if that speech is to be recognised as relevant, and I am afraid that there is also a tendency in government to bolt the term on to every policy, as though that alone makes the policy more persuasive and deliverable. Although much of the debate is not about partisan matters, it is important that we hold the Government to account on whether they are delivering on their fine words and great promises. Words and targets might sound impressive, but the Government cannot tackle the problems without introducing a range of deliverables on which they can be tested.

Let me start what I hope will be a thorough exposure of the weaknesses of the Government's position by dealing with their policy on housing. They champion that policy—I shall deal with it in greater detail during my speech—on the grounds that it is about the development of sustainable communities. In practice, it is neither sustainable, nor about communities.

The opportunity cost of the Government's policy is twofold. First, they have failed to regenerate parts of Britain such as the north of England and some of our greater cities, which so desperately need investment, including in housing. There has been no injection of energy, led by the Government, inspired by policy and enacted by the private sector. Instead, 400,000 homes face demolition, many of which could be renovated in a more environmentally sustainable way than by their demolition and the building of new homes, and some of which are essential to the character of their areas. The policy is an inevitable consequence of the Government's declared intent to concentrate development where development pressure is already greatest.

The second prong of the opportunity cost of the Government's policy—

Mr. Chaytor: Will the hon. Gentleman give way?

Mr. Hayes: Let me first deal with the second prong. The hon. Gentleman can then attack me on both prongs simultaneously in what I am sure will be a witty and pithy intervention.

The second element in the Government's policy means destroying some of our precious environment. Since Labour came to power, it has approved no fewer than 162 schemes for building on green land that was intended to stop urban sprawl. The green belt is being developed where it should be used to protect against sprawl, and is being expanded where development pressure is at its least.

Some 90 per cent. of the land added to the green belt since 1997 is in areas described as scenic or remote. The principle of the green belt, which was introduced in this House in 1955 by Duncan Sandys, is to provide a tight circle of land around urban areas to prevent them from sprawling. That principle has been, at best, misunderstood, and, at worst, abused by the Government. When we talk about sustainability and look at the development of our towns and cities and at housing policies, we must understand that the twin losses of green belt and the opportunity for redevelopment in urban areas are direct products of the Government's policy.

I shall happily give way to the hon. Gentleman if he still wants to intervene.

Mr. Chaytor: I shall try to attack the hon. Gentleman's prongs consecutively rather than simultaneously. First, I shall address the issue of older houses in the north of England. I am the only Member present from the north of England, and am probably the only Member present who was born in one of the older terraced houses to which he refers. Huge numbers of people are desperate for some of those houses to be demolished and replaced by modern, more energy-efficient, sustainable homes.

The hon. Gentleman made a second point about the green belt. Between 1979 and 1987, huge swathes of green belt in my constituency were built on to create enormous suburban housing estates with few, if any, social facilities, thereby contributing to the completely unsustainable lifestyles that many people are now forced to live. Does he think that the Conservative demolition of the green belt was somehow different from the Government's policy?

Mr. Hayes: Let me deal first with the point about demolishing those homes. You will know, Mr. Hancock, because you are an assiduous student of these things, that the policy of demolishing homes, many of which are occupied, is contrary to English Heritage advice to the Government that renovating Victorian terraces is cheaper, more environmentally friendly and better for the local social fabric than demolition.

The Government often use the power of the regions to ride roughshod over local opinion in such matters. Local opinion may support demolition where it is appropriate, but the wholesale implementation of this policy through regional authorities without the proper involvement of local communities and irrespective of such advice causes a certain amount of alarm among all non-partisan observers. The hon. Gentleman may be a partisan observer, but I try to approach these things with a trifle more empiricism.

Mr. Chaytor: With respect, I am a partisan observer because I was born and lived in one of those places. Many of my constituents still do and they want to get rid of them. I am not making sweeping generalisations. I must point out to the hon. Gentleman that few members of the board of English Heritage or few of its senior officials ever lived in any of those houses, and I am sure that he would agree that the further away one is from an old, decrepit Victorian terrace, the more likely one is to support its preservation, so long as someone else lives there.

Mr. Mike Hancock (in the Chair): Order. That is more of a speech. The hon. Member for South Holland and The Deepings (Mr. Hayes) takes interventions, but I should much prefer it if the hon. Member for Bury, North (Mr. Chaytor) waited for his chance to respond to the debate.

Mr. Hayes: I do not want to be encouraged to go down a tributary and so to be distracted from the main thrust of what is, I am sure the whole Chamber would agree, a fascinating peroration.

I, too, have lived in a Victorian terraced house and when I have asked most politicians, builders and most other people of some importance whether they would choose or have chosen to live in a house built before or after 1900, the responses, which should not come as a surprise to many people but perhaps do to the hon. Gentleman, were that they would choose to live in older properties. They, for the most part, do not live in modern houses. I do not. I wonder whether the hon. Gentleman and most of us present do, but let us not go down that road.

The truth is that the Government's sustainable communities plan flies in the face of the statements that they have made about sustainability, many of which were repeated by the Minister during his opening remarks. He said that on 7 March, the Government launched their strategy for sustainable development, "Securing the Future". However, what have they actually done to secure the future? One year ago, the Sustainable Development Commission published a critique of the Government's track record on sustainable development. Some of the comments on the report card that it created for the Government were:

"Greenhouse gas emissions: Disappointing. Road transport emissions and projected increases in air travel will cancel out reductions in other areas.

"Road traffic: Dreadful. Britain has the most congested roads in Europe, and we spend more time commuting than any other European nation. The Government's response seems to be to alter targets rather than change policies to meet previous targets.

"Waste: Dreadful. Municipal waste is rising faster than GDP and faster than in most other European countries. Recycling rates are rising, but are still among the lowest in Europe."

No doubt the Government will claim that they have improved their record since last year, or will maintain that this year's strategy will magic away their failures, but the RSPB has already drawn attention to its concerns that in the Government's sustainable development strategy, there is a lack of overall top-level responsibility for making the strategy work in practice, and that no one part of Government will ensure the overall implementation of the strategy.

I do not doubt for a moment the Minister's commitment to, nor his integrity in, such matters. He has a long and honourable record of taking more than just an interest in them. He was a champion of many

[Mr. Hayes]

elements of sustainability before they were fashionable. Before they were included in every speech, they were in his speeches. We are in the presence of a Minister who cares about such matters. However, I wonder if in his heart of hearts, he believes that there is sufficient co-operation between Departments, throughout the public sector and throughout other agencies to meet the admirable targets and objectives that the Government have laid out and that he has articulated.

I am not sure that on this matter there has been joined-up government, even if there has been the necessary joined-up thinking. That is of particular importance to sustainability, because it is integral to so many aspects of what we do. Sustainability is hard to achieve because of its complexity, because it is multi-faceted and because it affects so many areas of our lives. I do not underestimate the challenge when I make what I hope is constructive criticism.

Despite the Secretary of State's promises, made when launching the strategy, to put an emphasis on delivery rather than on challenging aspirations, we have been faced with a number of new or repeated promises, and a serious question mark hangs over the possibility of meeting them. Let us consider for a moment the Government's record on sustainable development.

The Government now have 68 sustainable development strategy indicators. It seems on occasion that they do their best to alter them when it suits them to do so. In a sense, it is better in politics to limit one's targets, to be straightforward and consistent about them and then be tested against them, than it is to be elaborate or creative about one's targets and thus to cause uncertainty about whether they have been met.

There used to be 15 headline indicators and 147 other indicators. The campaign for rural england points out that a

"key measure of countryside protection and efficient land use has been dropped."

If the Government are dropping targets that they do not think can be met and perhaps adding targets that are already on schedule—notwithstanding the appropriate words I used about the Minister's personal commitment—it is unsurprising that certain doubts have arisen about the nature of the commitment of the people who really run the show.

Governments are susceptible to the ministrations not only of those who favour sustainability but of those who endanger it. Dare I mention supermarkets, a subject for debate that might take even longer that the present subject? The power of large retailers affects all aspects of life. The stick that they wield when dealing with primary and secondary producers such as the many farmers in my constituency; their relationship with the consumer, which is at best patronising and at worst something altogether more sinister; and the influence that they have on public policy formation, all seem to be cause for serious concern. There has rarely been a case of such power being held by so few in so unaccountable a fashion.

I am a little surprised that the Minister did not address that point directly in his comments about sustainability. The major retailers have a great impact upon the mode of consumption and the nature of production, which affect lives throughout Britain. I want to see a rebalancing of the food chain in the interests of primary producers. I want to see a fairer deal for farmers. I want to see traceability being provided through a shorter food chain, with more emphasis on local supply. I look briefly to my hon. Friend the Member for Cotswold (Mr. Clifton-Brown), who has infinitely more experience of farming than I do, when I say that we appear to want our farmers to do more and more, yet we seem to value them less and less. I hope that the Minister will address that point during his summation of our debate.

One of the indicators of long-term sustainability is a record of what percentage of new homes are being built on previously developed brownfield land. That indicator no longer appears in the headline figures. That may be unsurprising because the Government's definition of brownfield land encourages what I have previously called town cramming: people's back gardens being built upon, even though the resultant developments are sometimes unsustainable in that they can have a significant impact on local water usage, air quality, wildlife and other environmental factors.

Although there are encouraging signs, which I shall acknowledge shortly, it seems that the Government have yet to recognise that brownfield land is a stream, not a reservoir; as land use changes, new development opportunities become available. There are two ways in which the Government could deal with the issue more imaginatively. The first is through the extensive redesignation of brownfield land for residential development rather than commercial development, where commercial development is unlikely to take place. What I mean is that much brownfield is currently designated for industrial or commercial development because it has a historic use of that kind. The decaying factory, the empty warehouse—we all know of sites that have been unused for perhaps a decade or more, but where there is faint hope that the industry will return. Meanwhile, land for residential development, which would be regenerative and environmentally desirable, goes wanting. Redesignation following a proper appraisal of the balance between those two requirements is one way of increasing development on brownfield land in many urban and suburban areas.

The second way is to free up large amounts of public-sector land—this is where I give the Government some credit, although they started about a year after I recommended it in Conservative housing and planning policy. There is good news on this front as the Government are taking the idea seriously. I hope that it will bear the fruit that I think it can. However, I issue a word of warning about £60,000 houses and the idea that such land should be made available solely for the building of houses for particular groups.

If I were a teacher or a nurse, I am not sure that I would want to work with my fellows all day and then go home and live with them all night on a campus designed by the Deputy Prime Minister. Such schemes may well not create real integrated communities. I suspect that people prefer to live next door to people who do other jobs, have other interests and do other things. Real communities are organic, are they not? They are mixed. I happily live in a lovely village that has all kinds of different people and it works for that very reason. Socially and culturally it is sustainable and delivers a high quality of life. I therefore issue a word of warning

about the mix of Maplins and Chairman Mao that seems to lie behind the idea that we are going to force people who do certain jobs to live in prefabs. However, I welcome the idea that public sector land will be brought into the net more than it ever has been, because it is highly sustainable.

The sustainable communities plan has at its heart several misassumptions about sustainability. There are fundamental misassumptions concerning the demand on water, for instance, which in the south of England, including the constituency of the hon. Member for Lewes (Norman Baker), is a massive problem. A number of Select Committees have highlighted the threat to air quality, including the Office of the Deputy Prime Minister Committee, which specifically commented on it in its critique of the sustainable communities plan. The Minister will already be aware of that, but I remind him anyway. The Committee warned of excessive pressure on water supply and other natural resources, and mentioned other sustainability issues, such as the costs of providing transport links, education and the other facilities that new neighbourhoods require.

The Committee also discussed the journey to work times, which affect not only quality of life but emissions, and the relocation of people to areas with which they have previously had no connection. The major house-builders, such as Barratt Homes and Wimpey, say that more than 80 per cent. of people buy their houses within 10 miles of where they live now. The idea that all development will be concentrated in four areas, with all the environmental impact that I have described, and that we will persuade builders to build those houses and people to live in them when their first preference, according to the major builders, is to live within 10 miles of where they live now, seems at best ambitious and at worst fanciful. There are real doubts about such concentrations of development. It is environmentally unsustainable.

As the Office of the Deputy Prime Minister Committee said in the recommendations on neighbourhoods, sustainability is also about community and people's sense of worth and purpose, and those things are defined by our sense of identity, our sense of place. I am not sure that communities can be constructed in quite the way the Government intend. Change is best when it is incremental and organic, but I suppose people expect me to say that because I am a root-and-branch Conservative. Nevertheless, I do not believe that it is beyond anyone in this Chamber to have some sympathy with that perspective, which is widely shared beyond the political class.

Mr. Morley: That is all very lyrical and interesting, but there is an enormous demand for homes in the south and south-east. One reason why homes are expensive is that demand is fuelling high prices. We cannot ignore that. All I have heard are arguments against the development of communities. Is the hon. Gentleman saying that his party is opposed to the expansion of housing and to meeting the aspirations of many young people?

Mr. Hayes: No. I know that the Minister does not have responsibility for housing, so I shall deal with that important intervention in three simple parts. First, there is the misassumption that house affordability is best dealt with by supply-side changes. Of course, that can be done, but given that the proportion of new housing to total stock is 1 per cent. and that only 10 per cent. of annual transactions involve new housing, to affect prices significantly by supply-side change would require building a massive number of houses, which is what Kate Barker recognised, and would probably take 10 or 15 years because of issues such as planning, land availability and local objections.

I suggest that house price affordability is principally a feature of demand-side issues, such as the level of borrowing secured by housing equity, net migration and interest rates. Those are the demand-side factors that drive up and hold up house prices. As we saw when the Chancellor adjusted interest rates recently, the effect of that on prices is considerably quicker and much more predictable than the changes that might result from the kind of building programme that the Minister describes.

Mr. Morley: Still new homes, then?

Mr. Hayes: I shall come back to that.

The second point that the Minister implicitly made was about young people having access to the houses that they need. My judgment is that much the best way of allowing young people to get on to the housing ladder is by seriously concentrating on equity. Actually, the Government accepted that about a year after I first recommended it. It is by making housing more available to the people who need it through dealing creatively with equity that one can affect affordability almost immediately—certainly more quickly—and more sustainably. I hope that there will be an equity revolution in which we can make many more homes available to the people who need them by bridging the gap between their means and what is available.

What we have in Britain is a mismatch between provision and need. Many people who live in large houses would love to live in accessible houses because the large house has become too big for them, but there is a shortage of accessible homes. Many people who live in rented accommodation say, whenever they are surveyed, that they would like to live in their own home. Many people who live in temporary accommodation would like to live in rented accommodation. Dealing with the mismatch between provision and need through equity, and breaking the barrier between ownership and social housing, would provide solutions.

The Minister's third point about where to build houses is perhaps the most difficult to answer. I do not take the view that we should necessarily dictate the number of houses that should be built nationally each year. We only do that in housing. We do not say that we should produce X number of baked beans every year. We do not get the Deputy Prime Minister saying how many Jags should be built in a year. Other Ministers do not suggest what sort of production there should be in all sorts of other sectors, but in housing we feel the need to say that X number of houses should be built in a year. I rather suspect that that is a finger in the air task, and the housing industry thinks so, too.

There is a need, however, to demand of local areas that they come up with a plan for the sustainable development of their locality. I would place that duty on areas, and expect the process to produce a notional number of houses needed. If a local authority were to act

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perversely and say that it did not want anything built anywhere, there might well be long-stop powers to intervene. A bottom-up approach would give us the sort of plans that we need to deliver the houses that people want in an incremental, organic and sustainable fashion. It is the centralised approach that lies at the heart of our problems. We need new houses. We need to look at equity and affordability, but not via the means that the Government are planning to employ.

The Government's housing targets, which I have mentioned, mean that, unless more measures are put in place, our water consumption will go up and up, resulting in water shortages or the need for more reservoirs and desalination plants. If our use of resources is to be truly sustainable, we cannot gloss over the subject and dismiss trends in water usage as entirely the result of hot weather. The Government's comments on those trends tend to do so. The more water that we consume, the less is available for other natural freshwater habitats, and those habitats already need as much help as they can get to grow sustainably.

The Government's indicator of sustainable development No. 30 concerns river quality and shows that the percentage of rivers of good biological quality has increased marginally in England since 1997. That is an issue with which the Minister is familiar as he takes great interest in both river quality and drainage issues. He is an authority on both. I take an interest in drainage myself, as he knows, and when I have been doing other jobs on the Opposition Front Bench we have exchanged ideas—I will not say crossed swords—on that subject.

Incidentally, although there are no Welsh or Northern Ireland Members here to hear this, the percentage of biologically sustainable rivers in Wales and Northern Ireland has decreased since 1997. I am sure that the Minister knows that, and I am sure that he shares my concern about it. It is also significant that some environmental groups believe that the current river quality indicator is inadequate and does not make a good assessment of the state of our rivers. The RSPB, for example, feels that the current indicators give an over-rosy view of the situation.

The Government have, in measuring the state of our rivers, ignored some of the most important factors in determining river quality such as nitrates and phosphates. We must also remember that the apparent improvements in other areas, such as fish stocks, are not all they seem at first. Almost two thirds of fish stocks remain outside safe biological limits.

While we are dealing with fish, I would like to mention sustainability in respect of the oceans that surround the United Kingdom. The Minister and I have exchanged views on that subject before. I want to make one point on the matter: the continuation of industrial fishing, and the effect that that has on the food source for white fish stocks, is an outrage. He shares that view and has articulated it in Europe to the best of his ability, but he has come up against the confines of the common fisheries policy.

The common fisheries policy is remarkable in that, bizarrely, during its lifetime, it has produced less fishermen and less fish simultaneously—*[Interruption.]* Yes, I have picked up on the grammatical correction—if only we studied classics more in our schools. It has produced fewer fishermen and fewer fish.

Mr. Mike Hancock (in the Chair): The hon. Gentleman is getting tired.

Mr. Hayes: Indeed.

The Minister has waxed lyrical on that subject, but we need action. It is extraordinary that our oceans are depleted in that way. There are technological changes, closed areas and all kinds of environmentally sustainable means by which we can deal with that beyond the crude instruments of quotas and throwbacks, which are alarming to the public and ineffective in achieving their objective.

Moving on to the air, I want to say a little about birds. I will not go on endlessly, but these are important matters. I want to cover the principal points, as I know that the Minister would expect me to. Performance indicator 20 deals with bird populations. It has become obvious that farmland species of birds have declined since 1997. In anticipation of the debate, I was talking to a sustainable farmer in my constituency a few days ago. He is one of the farmers who have been involved in the entry-level scheme and he has been working closely with officials to work out the best ways in which to effect the beneficial implications of single-farm payments—the move away from payments coupled to production.

There has been a clear increase in the population of some species of birds, not only since 1997, but over the past two decades. It is certainly true that woodpeckers, tits, finches and others have done relatively well. It is also true that some of the birds of prey have done well. While I was visiting the farm, we saw a marsh harrier, which is always a treat; one does get them in the fens, of course. However, it is equally true that, as the Minister will know, a number of other species have declined quite radically. They are often the species that are more traditionally associated with a farmland landscape. I am worried that some of those decreases are taking the species beyond sustainable limits. In England, between 1971 and 1996–97, the wading bird population increased by 59 per cent. and the waterfowl population by 130 per cent., but the number of wintering wetland birds fell by 10 per cent. As I said, a number of other species are in serious decline.

The same indicators are applied to human satisfaction with our environment. I am sure that everyone will agree that one of the most important elements in sustainable development is creating an increasing standard of living for the people of Britain, while protecting the environment that we inhabit. Yet in the case of indicator 66—the percentage of households satisfied with the quality of the places in which they live—the percentage of households satisfied with their local area fell by 4.6 per cent. between 1999 and 2004. The figures show that 53 per cent. of households were bothered by traffic, 45 per cent. by litter and rubbish and 43 per cent. by vandalism and hooliganism.

Surely such failures on sustainable development indicators as widely varied as air quality, conservation and people's satisfaction cannot be ignored. The Government missed a trick with the decent homes standard. In my judgment, it should have been a decent

communities standard that took into account the factors that affect quality of life outside people's front doors. It is fine to have a new bathroom or kitchen—we all want one, do we not?—but it is not much fun if someone leaves their bathroom showered and fresh and enters their neighbourhood to face graffiti, rubbish, vandalism and crime. What goes on outside people's front doors is at least as important as what happens in their homes in terms of their quality of life.

I urge the Government to consider how they might effect a decent communities standard using all the appropriate agencies to co-operate and to focus on those matters. That is what sustainability is really about: vitality, community and quality of life. To see sustainability narrowly as merely environmental—although I have mentioned a number of environmental considerations that are essential to it—seems to miss the point. We must have a more ambitious, broader, more hopeful view of what sustainable communities are really about. The indicators mentioned so far are of great importance, but, in light of some of the issues of sustainable development that affect not only us but the whole world, they may be neglected.

If we are to develop sustainably, it is imperative that we tackle the global issues, such as greenhouse gas emissions, the sustainable use of energy, the preservation of forests and the disposal of waste. Indeed, the Government's sustainable development website refers to climate change as the greatest threat. The Prime Minister has made a great point of that; he spoke about it recently when it came to the challenges facing him as he chairs the G8 and the EU. He described it as the

"single biggest issue facing the world".

Yet, in the past year, UK CO_2 emissions rose by 1.5 per cent. and are now higher than at any point since 1997. Since the Government came to power, carbon emissions have increased by 3 per cent. The Government are short of their target of reducing carbon emissions by 20 per cent., not surprisingly given that Britain's spending on energy research and development is only 10 per cent. that of France and 20 per cent. that of Germany.

Despite the fact that power generation emits 30 per cent. of the UK's total CO_2 emissions, the Government's renewables obligation stands at generating 5.5 per cent. of electricity from renewables. I do not say that renewable technology is the only answer; at the same time, we need to do as the Minister suggested with consumption. There is no greater example of the need to deal with consumption than the way people shop. I return, albeit briefly, to the issue of supermarkets.

When people shop in their neighbourhoods, as my wife does at the butcher's across the green from where we live, the only energy that they use is that which comes from their own soul. When they drive four miles to the supermarket and back again, they are implicitly acting in a way that is less environmentally friendly. Encouraging local consumption is critical.

Simultaneously, we have to deal with packaging waste, which has spiralled alarmingly even in my relatively short and the Minister's slightly longer lifetimes. When we were children, things were wrapped in brown paper tied with string and lemonade bottles were returned for a few pence. Now, everything we buy seems to have every possible material attached to it before we get to the good purchased.

I buy toys for my son that are 3 in long. They come in boxes that are immense and include metal, plastic, wood, paper and cardboard and all kinds of other materials that I cannot imagine. That is a new phenomenon. We must deal radically with packaging waste if we are to get to the heart of that side of the debate about sustainability and protection for the environment.

I should like to say a word on renewables. Can we move away from placing wind turbines in environmentally sensitive areas? Can we, for heaven's sake, consider the relative impact that the imposition of turbines has on the surrounding environment? It does not take a genius to work out that a 330 ft structure in a fenland siting will have a highly significant impact. It will be seen for miles, which would not be the case if it were placed somewhere less populated with a more undulating landscape, yet there is no provision to make such an assessment of the sites. We must invest in renewables, but not in a way that is damaging to the quality of life and the local environment of the people who have those industrial structures close by.

My final point concerns deforestation. The latest sustainable development report does not even mention the huge issue of the sustainable use of timber. It does deal with some of the other things that I have mentioned. It looks, for example, at recycling. There have been some improvements in recycling, as I said earlier. Most of us have probably witnessed that in our own homes and those of our constituents. However, we still have a long way to go. If Germany diverts nearly four times as much waste per person from landfill as the United Kingdom, and Denmark diverts nearly five times as much, we obviously need to do something serious about our disposal of waste. Perhaps we should pay more attention to some of the environmental groups that are still worried about the Government's action on those sustainability issues.

By contrast, the Government have been almost silent on the use of timber. As deforestation increases to unprecedented levels, we should remember that an estimated 60 per cent. of tropical timber imports to the UK are illegal. That clearly must not be allowed to continue, and the Government must ensure that any forest certification schemes that they approve are sustainable. They must also have proper audits and checks to ensure that such schemes really are sustainable. If we are to continue to believe that the Central Point of Expertise on Timber is effective in protecting forests, we must be told how the Government are progressing on the sustainable use of timber, and environmental groups' serious worries about the issue should not be ignored.

I am grateful for the Chamber's tolerance and indulgence, because I have spoken for a long time. As I said, the issue should go beyond the normal knockabout of partisan politics, because it is too important to be treated in that way. I hope that some of the issues that I have raised have struck a chord throughout the Chamber. I recognise that these are long-term issues. Many of the developments that I have raised began before 1997, and many of them will continue long after this Government have left office.

[Mr. Hayes]

Human-scale development means that each human being feels valued. They must have the chance to develop a clear sense of identity and a real sense of purpose. To achieve that, we must be fierce in defence of the gentle. We must be determined to champion organic development. We must really care about sustainability. That is politics on a human scale—and that is the politics that I want to be part of.

Mr. Mike Hancock (in the Chair): It would be very uncharitable of anyone to say that that was anything other than a sustainable speech, Mr. Hayes. Very good.

3.42 pm

Norman Baker (Lewes) (LD): As the hon. Member for South Holland and The Deepings (Mr. Hayes) admirably demonstrated, sustainability extends over a wide area. There is a problem with the word, because people down the pub do not know what it means, although they do know what the word "environment" means. They do not yet have any connection with the concept of sustainable development, notwithstanding the fact that the Government regularly use it in all sorts of documents and speeches.

There is a further problem with the concept of sustainable development. Potentially, it can lessen environmental protection, although it need not and will not do so if properly applied. Ten years ago, we simply had the concept of environmental protection. We would consider whether an activity added to the environment or diminished it in some shape or form or whether regulation improved or worsened matters. Now, a triangular assessment is made, involving not only an action's environmental implications, but its social and economic implications. I do not have a problem with that concept; indeed, for social justice reasons—the Minister used that phrase—and other reasons, it is important to consider those three legs together. However, those who do not take the environment seriously or who wish to pursue an alternative that looks above and beyond the environment have the opportunity to dress that alternative up with the word "sustainable", when it is nothing of the sort.

The hon. Member for South Holland and The Deepings referred to the Deputy Prime Minister's sustainable communities. I remember being at school many years ago and being told that the Holy Roman Empire was neither holy, Roman nor an empire and I suspect that the sustainable communities are neither sustainable nor really communities. The fact that the word "sustainable" has been stuck on the front does not deal with the problems of house building, particularly in the south-east. I listened to the exchange between the Minister and the hon. Gentleman, and I understand the need to consider housing on one hand and environmental problems on the other, but we cannot use the adjective "sustainable" and pretend that we have resolved the two, because we have not.

For example, the south-east has a major problem with water resources, as has been said. It is ludicrous that in my constituency a desalination plant is to be built off the coast at Newhaven, yet we have not yet grasped the nettle of water metering. So, someone can leave every tap in their house running all day and, if they are unmetered, will pay the same as someone who has their taps turned off all day. Given water scarcity in the south-east, where global warming is kicking in quickly and weather patterns are changing, and where significant development involving thousands of new homes is to be foisted on us—let us leave aside whether they are necessary—it is madness to ignore the policy's impact on water resources. The Government need to grasp the nettle of metering.

The Minister will know that I tabled amendments to the Water Bill to achieve the implementation of metering—quite courageously, I might add, because the policy does not necessarily enjoy universal support, although it needs to be implemented. I notice that the Minister has been talking about water metering in the past few days. He needs to grasp that nettle, follow through his convictions and bring forward a plan for universal metering, starting with the south-east. The Government should not leave that to water companies or blame someone else, but should take a lead themselves.

Mr. Morley: We have discussed this issue before, which is why the hon. Gentleman read my mind about what I was going to say. Water metering is the fairest and most sustainable way of paying for water. There is not water shortage throughout the country, however, and there are no shortages in the north of England. Therefore, the provision under the law for companies to apply for scarcity status, which will bring compulsory metering, is a reasonable way of addressing the problem.

Norman Baker: It might well be; we should start from the south-east, where the problem is greatest. However, the water companies that I speak to say that the hurdles are quite difficult to overcome.

Mr. Morley *indicated dissent.*

Norman Baker: The Minister shakes his head, but that is what companies in my area have told me. They have therefore been reluctant to go down the road he described. Clearly the Government think that there is a political price to pay for metering and they want the water companies to take the rap for it. That is the reality. He should follow through his convictions and give a lead.

Mr. Morley: I want to put this on the record, because many people read our debates: it is a responsible water company that brings forward an application under water scarcity status. We must of course examine the case for and against, but if a company has a case, it is right and proper that it should make an application.

Norman Baker: I will continue to encourage companies to do so; however, I do not subscribe to the view that the Minister implies, which is that all water companies that have not applied are irresponsible.

I have a concern about the three legs of sustainable development—in fact, the Government's document sets out five principles. If we are to achieve ownership and deliver sustainable development properly, it must be on a co-ordinated and cross-departmental basis. The Department for Environment, Food and Rural Affairs

might have wonderful policies and the Minister might be fully signed up to them—as I am sure he and his boss are—but if they are outmanoeuvred by the Treasury, the Department of Trade or the Prime Minister, that does not take us much further forward. The real test is how well the concept is delivered, not by the Department that is its champion, but by other Departments.

Sometimes I find myself complaining to DEFRA Ministers in debates such as this about other Departments and I am reminded of someone complaining to a booking clerk about the train not running—it is not really that person's responsibility, but they are the only person to be found to moan at. I hope that the Minister does not find that comparison offensive, but, although DEFRA is on the right side of things, Ministers who perhaps are not do not appear in debates such as this.

I raise that for a good reason, because there have recently been debates in government about whether the definition of sustainable development should be changed. I refer the Minister to a letter that has come my way which was written on 13 May by the Secretary of State for Environment, Food and Rural Affairs to the Secretary of State for Foreign and Commonwealth Affairs. It is quite clear from the letter that there are moves afoot not in DEFRA but within the Government to shift the emphasis of sustainable development away from the environment. The Secretary of State for Environment, Food and Rural Affairs wrote:

"Government departments have agreed so far on comments on the draft principles for the declaration."

The declaration was to do with the EU. The letter continues:

"They have not been able to agree, however, on language in the declaration relating to the meaning of sustainable development. Several departments have argued for language which would depart"—

"depart" is underlined—

"from the established domestic and international understandings of sustainable development which emphasise the need for integration of the three pillars: economic, social and environmental. This is with the aim of protecting the new focus achieved in the Lisbon agenda on jobs and growth. Defra and some other departments have argued that the UK cannot and should not attempt to challenge the established understanding of sustainable development, but should press its concerns about Lisbon prioritising jobs and growth in other ways."

She goes on to say that

"we cannot"—

"cannot" is underlined—

"unilaterally choose to give it a different"—

"different" is also underlined—

"meaning. We are signed up globally—and very publicly—through the Rio and Johannesburg World Summits; our UK framework, which is shared with the devolved administrations, is based on the principle of integration and explicitly extends to our EU and wider international work".

She goes on complaining, with some justification, about other Departments.

I have tremendous respect for the Labour Members present. They are committed to the agenda, and I hope that they will use their good offices within the Labour party to try to back up the Secretary of State for Environment, Food and Rural Affairs, and to deal with those who are causing the problems.

I refer to another document that has come my way. It says that it is unclassified, so I am sure that there is no problem with my having it. It is an internal Treasury memo about the previous letter. It is dated from May, and in paragraph 5 it says:

"The handling of the EU Sustainable Development Strategy between now and March 2006 has implications for the Treasury's economic reform agenda, as the strategy raises a number of risks for us."

Those who wrote these documents are very good at underlining words, as the memo continues with these words, which are also underlined:

"It is essential to ensure that if Lisbon is to be seen within this context"—

meaning the focus on jobs—

"the focus of Lisbon on growth and jobs secured at Spring European Council is not diluted... However, Whitehall discussions on the prioritisation of the economics pillar have been contentious: Mrs Beckett does not agree with language that protects the focus on jobs and growth."

The memo then argues for action to be taken.

The memo continues with a letter in May from the Financial Secretary to the Treasury to the Secretary of State for Foreign and Commonwealth Affairs. The Financial Secretary says:

"I would support an alternative approach to the one that Margaret proposes concerning the interpretation of sustainable development. In particular, I would seek to make clear the prioritisation of the economics pillar over and above the environment and social pillars in the context of sustainable development, in order to maintain the hard-won focus on jobs and growth secured at Spring Council... I am copying this letter to the Prime Minister".

It seems that the good words that the Minister present and his boss are keen to use, and in which they believe fully, are yet again being undermined by other Departments—in this case the Treasury. Perhaps we need a Chancellor who is green and not Brown to deal with those matters. A litany of examples over the years, including abandoned cars, fridge mountains or the EU emissions trading limits, has shown that DEFRA puts forward the right solutions but is outmanoeuvred by other Departments which get their way. The Minister must deal with that, and he must argue his case within the Government. It is clear that the joined-up approach in which he would have us believe simply does not exist. He wants to pretend that there is a duck on the water, but underneath the surface they are paddling madly to try to get an agreement throughout Departments, and they are not managing terribly successfully.

That is important in other respects—for example, in world trade talks. The Doha follow-up round comes later this year, but so far as I can tell it will be handled not by DEFRA but by the DTI. I hope that DEFRA is involved. I would like DEFRA to handle it; no one would be more delighted than me if DEFRA was in charge of that process. Of course, the argument on jobs and growth to which I referred is very much a DTI matter, and it is particularly interested not in sustainable development but in the Barroso approach of the European Union.

Given that our Trade Commissioner is on record as taking a jobs and growth agenda approach, how can we be confident that attempts will be made to prioritise sustainable development in the World Trade Organisation talks, or to ensure that minimum environmental standards

[Norman Baker]

and minimum animal welfare standards are argued for in that process? Or will we be pursuing a 1950s-style chase for jobs and growth on the basis that everything else will trickle down—that if we get the jobs right, everything else will follow? That strategy, if it can be called a strategy, was discredited many years ago, but it is clearly creeping back into the Treasury's thinking. The Government have the opportunity later this year to become involved in that; they are probably doing so already through the EU presidency. They must ensure that the DEFRA view of sustainable development is triumphant rather than the view put forward by the Treasury and others. I do not think that they can.

It is clear that there are major problems in how Departments relate to sustainable development. I do not want to go on at great length about that, but it is obvious. For example, we have all seen pictures in the papers of the lights in the MOD building being left on all night. The Treasury's fuel bills have rocketed. Some in the Government do not appear terribly worried about the environment, energy efficiency or the other priorities that the Minister correctly sets out. Yes, they will pay lip service to them, but they still leave the lights on—and I doubt that they are busy writing documents on sustainable development; they have gone home for the night and left the lights on.

That obvious symbol, small in itself, shows that the concepts that the Minister and his team are arguing for so stridently and honestly are simply not being bought by other Departments. What will the Minister do to sort out his colleagues and to ensure ownership across Departments of the sustainable development agenda? That applies also to the House of Commons, which has some pretty poor practices. We also need to put our house in order.

The Minister said that I had put forward a false choice on climate change. I hope that he is right; I hope that it does turn out to be a false choice. Nothing would give me greater pleasure than the Prime Minister pulling a rabbit out of the hat and saying that we have a wonderful agreement. I would happily stand up and publicly congratulate him on that. I do not blame him for it, but I fear that he is trying to balance different interests. In the end, he will want a piece of paper that says, "We have an agreement."

It is a natural inclination for politicians to want agreement. The danger is that such an agreement would, to use Labour's words, take us back not forward. It is important that there is a bottom line; the Government should not sign an agreement if it does not take us forward. Unless the Prime Minister has avoided it, there may be a difficult choice. Perhaps the US will not sign up to anything except something admitting that, yes, global warming is happening and, yes, we should spend money on technology. If that is all that is said, it will be a step backwards, not a step forwards. We need more from President Bush than that.

The Minister may say that President Bush is coming forward, but let us bear in mind that he is doing so on the basis of being outside Kyoto, and that he has been brought forward not because he is in the process—he is outside it—but because of pressure from the rest of the world, including from the British Government and from his own side, from the Republicans, from Schwarzenegger and others in the US who are doing the right thing.

So, there is a diplomatic calculation to be made. If the agreement is weak and Bush agrees, which would effectively water down what everyone else wants, would that help the rest of us? Would it help Schwarzenegger in the US? Would it help McCain who is now arguing strongly for action on climate change? Would it help the north-eastern states, that have an emissions trading scheme up and running? Or would their positions be strengthened by the US President being isolated? I do not want him to be isolated; I want him on board, but not at any price. The agreement with the US cannot be at any price. I hope that that is the Government's approach, although, of course, they may not want to say so publicly.

This is a gigantic issue. I could happily go on for five or 10 minutes on every subject and enjoy it tremendously, but I suspect that it might slightly frustrate others if I did so. I shall address one more major issue—aviation—and to some extent link it with road transport. A look at the Government's record on carbon emissions shows that some good progress has been made. Industry has certainly played a significant part in that. We are making progress in the domestic sector on emissions, albeit slow and sluggish progress, but, as the Minister will know, we are not making progress with transport emissions, which are rising very fast. There seems to be no strategy to reduce them, except to hope that technology will come along and solve all the problems. That does not seem to me to be a satisfactory strategy.

We have abandoned the idea of road traffic reduction, which hon. Members may remember from the Deputy Prime Minister's early days in that role. It seems that that idea has gone out of the window, and that we are now back to a road transport policy of predict and provide. It is impossible to open railway lines in this country. In a recent answer to a question of mine, the Secretary of State for Transport stated that we have reopened 12 miles only of abandoned rail lines since Labour came to power. Yet there are sections of railway up and down the country that would benefit from being reopened. We all know where they are: there is one in my constituency—the Lewes to Uckfield section—and there are plenty of others, but we cannot seem to open them. We can build new roads, but we cannot get railways reopened, even if the cost is less. There is something seriously wrong with the mindset of the Treasury when it still says that money spent on roads is investment, but money spent on rail is subsidy. We need to move away from that way of thinking.

I return, lastly, to aviation. The Minister knows that, if the departmental answers are correct, there will be an increase in emissions of 83 per cent. by 2020, and that a quarter or even a third of carbon emissions in our lifetimes will be from aviation. That cannot be allowed to happen. We must abandon the predict and provide policy of building more and more runways and airports, which is in the aviation White Paper. We should put that White Paper in the bin and start again.

The Minister puts all his money on the emissions trading scheme. I am in favour of the scheme and I hope that it will work—it is certainly a useful tool—but who can guarantee that it will not be business as usual at

entry level for aviation? Who can guarantee that the aviation industry will not simply continue to pollute and buy the permits because it will be a relatively small part of the whole package, at least in initial years? Who can guarantee that the scheme will start in 2008? The latest information is that for aviation it will be put back to 2012, by which time there will be a huge number of extra emissions.

We need something else in the short term, but the Government do not have anything. We need to shift airport passenger duty on to the plane, or introduce an emissions tax for take-off—something in the short term until emissions trading kicks in. We also need to keep open the option of a kerosene tax internationally and in the EU, although that is not my favoured method of dealing with the problem. It has drawbacks, about which the Minister well knows, but we ought to keep the option open, if only, frankly, to hang the threat of it over the heads of the aviation industry, so that we can say, "If you don't come up with something serious, you might find this landing on your doormat." It is dangerous to abandon other mechanisms and put all our eggs in the emissions trading basket without the certainty that it will deliver.

I hope that when the Minister replies, he will respond to my real concern—for which there is evidence in leaked documents—about the fact that other Departments do not take this matter seriously. I hope also that he will deal with my points about aviation and transport, and tell us the methods by which we are to control aviation emissions. Never mind setting targets; what methods will be used to ensure that emissions are controlled? Currently, there is no strategy to do that.

4.4 pm

Joan Walley (Stoke-on-Trent, North) (Lab): It is always a challenge to follow the hon. Member for Lewes (Norman Baker), who has spent so much time grappling with environmental issues. The hon. Member for South Holland and The Deepings (Mr. Hayes) talked about the time that he had spent making his speech, and this debate is really all about time. What clearly emerges from the debate going on in the nation arising from the G8 summit is that we have little time to deal with this problem.

Many issues have been raised this afternoon. The eight or so Members in the Chamber—that reminds me of the eight at Gleneagles—know what the issues are. The question is not whether we should consider sustainable development, but how we should underpin it and integrate it with everything else that is done—every aspect of Government and international policy, every aspect of business and every aspect of Parliament's work, whether in the Chamber, in the other place, in Standing Committees or in Select Committees.

The question is also how to join up those issues, vertically and horizontally, because if we waste time and do not tackle them in the time available, future generations—our grandchildren, for whom we are doing all this, and who were considered in the Brundtland report and early work on sustainable development—will not thank us. That is why I am delighted that just at the time of the Gleneagles discussions the Government have timetabled a debate on sustainable development in this Chamber. That is the big picture. All that we do, we must do nationally, internationally and globally. We must find ways to work together. That is the challenge.

The challenge before us is also one of leadership. I speak as a non-member—although I hope soon to be reappointed—of the Environmental Audit Committee. The issue is one for Select Committees, and the Environmental Audit Committee has taken a leading role in Parliament in that regard. In its reports the Committee has repeatedly raised the question of the leadership role. We have reached the stage at which many of us know the issues, but cannot make progress without knowing what to do about them. I pay tribute to the leadership of our Prime Minister in getting global warming on the agenda at Gleneagles, and to those who, through music, over the weekend—not just in Hyde Park but in Europe and elsewhere—came together to gain greater understanding of the issues relating to poverty and the future of the planet.

What has emerged from previous Environmental Audit Committee reports as the key is the need for the leadership that the Prime Minister is now showing to be focused in Government and applied across Departments, from the Cabinet to the Treasury. I agree with the hon. Member for Lewes that that must be done in a cross-cutting way. We must mainstream all the things that we are talking about, which to many people still seem like another language, so that there is no excuse not to follow them through.

I hope that even if the Minister does not place in the Library leaked letters from the Secretary of State for Environment, Food and Rural Affairs to the Treasury and others, he will at least share with us how the people who are converted to the agenda of sustainable development can help him and the Secretary of State to ensure that the Treasury and the Chancellor of the Exchequer understand that if we fail to deal with these issues, it will be at our peril.

Norman Baker: As I believe in freedom of information, may I offer to put the letters in the Library if that would be of any help to Members?

Joan Walley: I am sure that that offer has been noted but, freedom of information or not, the most important thing is serious discussion with the Treasury. A succession of Green Ministers has come before the Environmental Audit Committee, and it seems that although they get their feet under the Select Committee witness table and talk to us about how they take the issue seriously, they then go back to their Departments and it is not on their radar screen any more.

We must find ways of bringing Parliament and the Select Committees together to ensure that there is support for Ministers such as my hon. Friend who is with us this afternoon to make an even stronger case for the progress that needs to be made on sustainability when they are dealing with pre-legislative scrutiny, the presidency of the European Union and working on the Montreal protocol, the conference of the parties and all the other treaties and negotiations that will come up during the next six months. I hope that this debate, brief as it is, will be an opportunity to do that.

I want to speak briefly about the work of the Environmental Audit Committee, which I hope will be reconvened early next week, or whenever all the other

[Joan Walley]

Select Committees are reconvened. It has an important role. "The Sustainable Development Strategy: Illusion or Reality?" was published in November. For understandable reasons—for example, the general election—we were happy to give the Government some leeway on the usual time taken to respond. I welcomed the way in which my hon. Friend the Minister handled the Government's response to the report. The Select Committee was talking about getting things done. However, rather than expecting the Government to respond in March, just before the general election, when perhaps they would not have had the opportunity to include all the good things that are there to be used in the sustainable development strategy, we were happy to wait for their response until the Select Committee was reconvened. All credit to the Minister for publishing it through the good offices of DEFRA, rather than waiting for the Select Committee to be reconvened before publishing it. That is a way of working together positively.

As for the agenda, the real issue now is how the Government's new sustainable development strategy is embraced, taken up and acted on, not just in Whitehall but around the country. The Select Committee agrees with some things and would like some things to be taken further. One issue that comes up is the relationship between the Environmental Audit Committee that will be formed next week and the implementation of the sustainable development strategy. That must be reviewed to ensure that there is clarity about roles, remits and opportunities to work more closely together. I hope that a debate, or negotiations, can take place, because we all need to reinforce the way in which we work together.

One issue in the new strategy that I want to flag up is the role of the Treasury, which the hon. Member for Lewes mentioned. Much of what the Government do is driven, rightly, by the competitive agenda and the need for jobs, and it is a real challenge to determine where environmental standards, values and regulations fit into that. It is clear that much of what is done around the country and within government is driven by service performance targets, yet how many of the Treasury's targets include environmental standards? Very few. Unless we find a way of putting the Treasury centre stage among Government Departments for the delivery of sustainable development so that it can work jointly, hand in hand with DEFRA, we will be talking to ourselves, and complaining at the railway station to whoever is directing us where to go, rather than being able to find someone who has overall responsibility for the whole agenda. That is why my plea is for DEFRA and our Prime Minister to accept that leadership role.

I accept that there will be issues. We need to know what the problems are and why the Treasury is not doing something—for example, why it has not gone further to solve the problem of VAT on building on brownfield sites. The Treasury was approached to find out why it was not giving tax concessions for brand-new kilns that considerably reduce carbon emissions, although there are tax concessions in other sectors for new investment and new technology. I am a little mystified that, despite the guidance from the Carbon Trust that much of the carbon emissions from kilns that work 24 hours a day in the ceramics industry could be avoided, the Treasury has not acknowledged that by giving the manufacturers tax concessions as an incentive to invest.

Those are anomalies, and we need to put them on the table so that we can identify them. One issue that has been mentioned in relation to house building and transport is that all too often, predict and provide has been the principle underpinning the Government's policies. We need to consider how to make what we do seem sensible to local communities, how that can be organically driven, and how tax concessions and the Treasury can work hand in hand with DEFRA to ensure that that policy is rolled out in Government policy throughout the country.

In the short time now left to me, I want to speak about education. During the previous Session, the Environmental Audit Committee, under my chairmanship, produced a report on education for sustainable development. The Government give a huge amount of attention to sport, and how to educate people through sport with match funding from the Department for Education and Skills. I applaud that, and it is wonderful that we will see all the benefits of it, not least following the wonderful news that London is to host the Olympics. I am not in any way bemoaning the fact that all that investment will be given to sport and regeneration through sport. However, when people such as Sir David King, the Archbishop of Canterbury, our Prime Minister and even the President of the United States say that global warming is an issue that we must consider, I cannot understand why, underpinning our education policy, the Government are not giving to the environmental aspects of sustainable development the same commitment as they have given to sport.

If we are planning new areas and new communities, we need to train building construction workers and engineers who will not just build drains as they always have, but will realise that because of water shortages we need pipes that will conserve water. We must look at the whole spectrum of work that needs to be done. Unless we train people, we will end up without the trained, skilled, professional people to deliver our regeneration agenda for building, through sport or anything else. We are dealing with an agenda of change, and time is running out for us to bring about the attitude change that we need so that we can change what we do, and not just meet our targets but take the agenda further.

People need to know what the debate is about. In my work as a member of the Environmental Audit Committee, I always meet a few good vice-chancellors and a few good directors of further education colleges who understand the issue. Some people understand the agenda, but many people have no idea what we are talking about. There is no common "literacy", or understanding of the problem.

My question to the Minister is: what can we do to help his efforts to encourage education about sustainable development? We must not end up with professional architects, designers and people involved in business who have no understanding of the agenda, or they will carry on doing things as they have always done them, because they do not understand that we are in the process of change. Change is often uncomfortable, and means learning new skills.

On that point, I say to the Minister as an aside that, sadly, a planned visit to SkillCity with the Prince of Wales was called off this morning because of the difficulties in London, of which everyone is only too aware. This debate involves the issue of funding the Learning and Skills Council, and the training of construction workers. We need construction workers to be trained in sustainable development. It is no good building to the old designs if houses are leaking energy right, left and centre. Cuts are being made, and we must make sure that if budgets must be changed, it is not sustainable development and environmental concerns that get cut. We must make sure that the priority is to provide what we need for the future.

Another issue is aviation. How will we use the EU presidency to make real progress on that issue? Many business men and women will think, "Why should we go along with the emissions trading scheme when airlines can expand their operations?" We must all sign up to the issue together.

That is why I particularly welcome the Minister's speech at the outset of the debate. The value of this debate might lie in sending his speech, with its list of the things being done, out to leaders and champions at local and regional level throughout the country, rather than just putting it on a website. Can my hon. Friend find a way of doing that? It would be a means of promoting discussion and getting people signed up to what needs to be done.

Finally, like the hon. Member for South Holland and The Deepings, who speaks for the Opposition, I shall flag up the issue of timber procurement. The Minister may remember that two years or so ago, I asked the Prime Minister why we were refurbishing the Cabinet Office with timber from endangered species. I am pleased to say that the Government have done a huge amount of work since then, and have apologised for doing that. We now have a strategy on timber procurement, and headway has been made on it.

Discussions are going on. I was in the fortunate position of chairing a meeting in the House that was attended by both Greenpeace and the Union of Construction, Allied Trades and Technicians. That meeting considered how to promote among construction workers an understanding of the need to use non-endangered species timber in construction. That was a way of taking the issue forward.

However, there are concerns about whether that process has stalled. Will the Minister tell us briefly what discussions he has had with various non-governmental organisations about illegal timber? Why is it not one of the Government's indicators? Many of us believe that it should be a high priority in any serious consideration of sustainable development. The Forest Stewardship Council is currently the only credible certifier of sustainable timber, and it is vital that the central point of expertise on timber does not bow to industry pressure to adopt less stringent schemes.

Members have referred in all sorts of ways to biodiversity and the cost of illegal logging. When the Environmental Audit Committee considered the issue, it found that public construction paid for by the Government and local authorities accounted for a huge proportion of current building. I know that my hon. Friend the Minister has done a great deal of work on this already, but perhaps we need to do some more. If he cannot give me an answer today, perhaps he will give me an assurance after the debate.

Can we wait for the European Union presidency in six or 18 months' time to take up the issue? What are the UK Government doing now to ensure that we are not inadvertently using timber that has not been properly certified? This is a procurement issue, and there must be a way of dealing with it.

I am conscious of the time that I have taken, but I end by noting all the initiatives around the country, such as the Office of the Deputy Prime Minister's new sustainable communities agenda, local authority agreements, and all sorts of opportunities to work in partnership with local councils, with business, with regional development agencies and with Government offices.

I note with great interest that my own Government office for the west midlands has produced a guide to environmental sustainability. We have all these glossy documents, which I hope are printed on recycled paper, but what we really need to know is how we can keep tabs on what is being done and how we are rolling it out, so that at the end of the day I can put my hand up in my constituency and say that all the boxes that need to be ticked are ticked, or that we are missing certain targets, but that we are, for example, energy-efficient. I also hope that we will secure European funding for initiatives such as the Burslem masterplan.

We need to see how we can help the Minister to do all that, which is why I am so pleased that we are having this debate in Westminster Hall while the Gleneagles summit is taking place.

4.27 pm

Mr. David Chaytor (Bury, North) (Lab): I am pleased that we are having this debate today. The timing is hugely appropriate, not least because of the coincidence of the Gleneagles debate on climate change.

In my eight years as a Member of this House, it is indisputable that the United Kingdom has made more progress towards becoming a genuinely sustainable society than at any point in the previous eight, 18 or 80 years. We have made huge progress, and my hon. Friend the Minister, his predecessor, the Secretary of State, and now the Prime Minister deserve enormous credit for that.

Given the discussions on climate change at Gleneagles today, the wider issues of sustainable development have never had such a high profile in the media or the public consciousness. I welcome the publication of the Government's new sustainable development strategy, but I shall quote briefly from the Environmental Audit Committee's report on it, which was published last October. The concluding paragraph says:

> "We realise that these are difficult issues for politicians across the world because it is always easier to trade-off short term economic and social gains against long-term environmental goals."

Without giving any credibility to the hon. Member for Lewes (Norman Baker), I suspect that that is what underlies his concerns about the correspondence that he quoted.

[Mr. David Chaytor]

The report continues:

"It is therefore essential to build a consensus across political parties on the priority and approach required to address environmental issues, while at the same time promoting a far greater and more profound understanding among the public of the global consequences of our current lifestyles."

I shall say a little about the difficulty in building consensus and promoting a greater and more profound understanding among the public. It is self-evident that the overwhelming majority of Members have decided that these issues are so difficult that they cannot conceivably grapple with them on a Thursday afternoon in Westminster Hall. The level of attendance today speaks for itself. It is unfortunate that we are competing with a debate on defence in the main Chamber, but perhaps that competition is significant and says something about the Government's priorities.

In that respect, I want to raise an issue that has been debated on several occasions, although I do not apologise for raising it again. As a matter of course during the year, the Government have a fixed number of debates in their own time on issues such as defence, agriculture and Wales, and the time has surely come for them to have an annual debate on sustainable development. I do not expect that to happen in the very near future, but when the Government publish their reviewed climate change strategy later this year, clearly there will be an opportunity to have that important debate, and preferably on a day when there is a three-line Whip on something else to maximise attendance. I make that point to demonstrate the difficulty that many politicians have in dealing with this issue.

On consensus, there was much with which I could agree in the remarks of my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley), as well as in those of the Conservative spokesman, the hon. Member for South Holland and The Deepings (Mr. Hayes), and of the hon. Member for Cotswold (Mr. Clifton-Brown). Regardless of the little spat between the hon. Member for South Holland and The Deepings and myself over his desire to preserve clapped out, single-skin, brick-built, roofless houses in Salford's back streets—I am just questioning his romantic view of those matters—the rest of his speech was an admirable critique of many of the issues with which we are concerned. I certainly agree with many of the criticisms made by the hon. Member for Lewes.

How do we reconcile the fact that I am saying that the Government have done more on this issue than any previous Government with the fact that I agree with the criticisms from both the Opposition parties? We reconcile them by saying that these are impossibly complex issues, which no one party can resolve alone in the time scale of one or even two Parliaments. That reinforces the point that there must be collective, cross-party agreement not only on certain basic principles, but on certain basic policies. Although I agree with much of what the hon. Member for South Holland and The Deepings said, it is significant that the main Opposition party has almost routinely opposed every policy that has advanced the cause of the sustainable development that has taken place in the past eight years. That cannot continue and we must have a different way of operating, with agreement not only on basic principles, but on basic policies.

The matter came up in last week's debate on climate change in the main Chamber, which was, I think, in the name of the Liberal Democrats. The shadow Secretary of State for Environment, Food and Rural Affairs, the right hon. Member for West Dorset (Mr. Letwin), argued that we had perhaps reached the point at which we needed a mechanism to take certain issues outside the parliamentary forum. Soon after the 1997 election, the Government gave the Bank of England responsibility for the key economic policy decision, and we perhaps need a similar external, independent process to establish the basic principles and policies that will underpin the development of our environmental policy.

Norman Baker: I just want to raise an important point about consensus, because we need to move forward on the issue. Does the hon. Gentleman accept that although there is a need for consensus, there is not necessarily a need to involve outside bodies? We all signed up to the concept of the UN, for example, and that is now taken as read without the need for an outside body to audit that for us. My party—I do not say this for narrow party reasons, in any shape or form—has written to the leaders of the other parties on this issue, pledging agreement on the science, targets and possibly the policies. We have not had a positive response to that offer, but it remains open. I am renewing it this afternoon and I shall shortly be renewing it in letters to the right hon. Member for West Dorset and the Secretary of State. We must approach the issue sensibly and move forward on a common basis. If we do not, my serious concern is that we shall not get agreement on difficult issues such as aviation.

Mr. Chaytor: The hon. Gentleman makes an important point, and I shall encourage my right hon. and hon. Friends to respond positively to that offer, without, obviously, falling into any political traps that may be laid. My general point, however, is that debate in the traditional parliamentary forum—not so much this Chamber, but the main Chamber—is not the best way to build the consensus that we appear to agree is necessary.

In terms of developing a greater and more profound understanding among the public, may I move on to the timing of this debate? It has taken place, purely accidentally, the day after London was awarded the Olympic games for 2012. That is an enormous cause for national celebration and a great opportunity, and is relevant to this debate.

The Minister, in his opening remarks, commented on the important aspects of sustainability in the British bid. However, I believe that there is further to go in that area. The Olympic games will be a momentous event and will reach many millions of British citizens who have no interest in environmental or energy policy, and for whom climate change barely scratches the surface of their consciousness. We are talking about many young people and people who are fascinated by sport. We will attract to the United Kingdom in 2012 the largest concentration of some of the healthiest people in the world. We will embark on a major programme of construction, with major implications for the transport and housing of those vast numbers of athletes, supporters and tourists, and all the media circus that surround the games. It therefore seems to me that there is a huge opportunity for the Government to take a great

step forward in raising understanding of sustainable development issues among the British population as a whole.

Joan Walley: I want to ask my hon. Friend a question that relates to what he suggests and links in with the final part of the Minister's opening speech. A statement was made during business questions earlier today about the possibility of the House examining a different way of working—in a cross-party, cross-policy way—with the aim of involving hon. Members on both sides in the planning for the Olympic games. In terms of the current proposals that are under active consideration, does my hon. Friend agree that we should ask the Minister to take back from this debate a request to the Leader of the House that we underpin the Olympics with sustainable development?

Mr. Chaytor: My hon. Friend makes an important point. I was struck by the suggestion at business questions today that there should be a Joint Committee to scrutinise the progress of the preparations for the games. In fact, my hon. Friend has given me another thought, almost as I speak, that perhaps we need a similar mechanism to build consensus on climate change. Although climate change is considered and scrutinised effectively by many individual Select Committees of both Houses, perhaps there is an argument for setting up a Joint Committee of both Houses specifically to monitor the implementation of the Government's policy on climate change. Perhaps we can return to that matter later.

I believe that there is an opportunity—perhaps it is a greater opportunity than has previously been thought—for the United Kingdom not only to host the Olympic games in 2012, but to host the first green Olympics. The impact of that on international opinion and in raising the awareness of climate change, energy, sustainable building, healthy lifestyles and the quality of food among our own population, and particularly among young people, could be enormous. I hope that my hon. Friend the Minister can take that matter back and have some further discussion on those matters with the Secretary of State for Culture, Media and Sport.

Having made the point about the potential of the Olympics, may I also say that that links in with Government procurement? Although the Government will not be procuring everything for the Olympic games, they can set the standards. I refer, as did my hon. Friend the Member for Stoke-on-Trent, North, to the Environmental Audit Committee's report on procurement, published some weeks ago, to which I do not think that the Government have yet given their response. Although it is outside the time period in which responses should be given, there is currently no Environmental Audit Committee in existence, so perhaps that is the Government's excuse for not having given their response. However, we look forward to that response.

The feeling of most members of the Committee was that those responsible for Government procurement had not necessarily fully taken on board the implications of sustainable development policies. There is a huge way to go to set the highest environmental standards and to raise the understanding of those people who do the job on a day-to-day basis—ordering the biros and the boilers. There are trade-offs in environmental standards and costings, and we are not disputing that. Clearly, however, there are issues about life cycle costings and we were not confident that all aspects of Government had fully taken on board the life cycle savings to be made by purchasing more environmentally friendly products.

I want to make one specific reference. I was struck by the comment made by the hon. Member for Lewes about stand-by power. That was picked up in the climate change debate last week by a Conservative Member, the hon. Member for Ruislip-Northwood (Mr. Hurd), and was stimulated by the important campaign launched by *The Independent* some weeks ago. I want to reinforce my support for the urgency of the Government taking that question on board.

The eco-design directive is starting its long process, but it will be a long time before its implementation is taken fully on board by all member states. Over the past few months, I have been involved with a small international group that is trying to promote the idea of all Governments having a maximum stand-by power limit of 1 W for all electrical equipment. It happens in some parts of the world already and is not too difficult. As my hon. Friend the Minister said, the establishment of energy efficiency labelling on white goods has had a dramatic effect on the market, has driven up environmental standards remarkably and has changed consumer behaviour. We are not yet at that point with electrical equipment—I am not sure whether they are called black goods, brown goods or grey goods—such as DVD players, televisions or computers. We do not have the same energy efficiency labelling. We need that and we certainly need a maximum wattage for stand-by power.

I made my point about the Olympics and the potential for an enormous marketing exercise with Britain as the host of the first green Olympics, as well as the enormous potential for improving standards in Government procurement on the back of that. However, let me go back to the timing. This debate not only competes with the debate on defence but follows the appalling events that took place this morning.

I want now to move on to another issue and to relate environmental sustainability and climate change to global security. That is not of immediate concern to most people; they do not make that connection. However, more and more, we need to talk about climate change in the context of global and national security. This afternoon, I was torn as to which debate to speak in—I thought of going to the defence debate and talking about climate change, which would probably have been the first occasion on which anyone had done so. I decided in preference to come here and talk about security. The appalling growth in terrorism cannot be defeated by military means and will be defeated only by the creation of a more just and sustainable world, in which the world's natural resources are more equitably shared.

We cannot ignore—I leave aside terrorism—international migration and the appalling consequences of climate change: the increasing desertification that is moving many millions of people from their traditional homes and the impact of flooding and storms in certain parts of the world. We cannot ignore the fact that there

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is a link between climate change and patterns of international migration, and all the uncertainties and difficulties that that brings.

The debate about climate change has traditionally flagged up the need for sacrifice, which is why we are not making enough progress with the general public. The resistance to the radical policy changes that are needed will be led by people who say that they cannot be expected to reduce their standard of living to respond to climate change that might not affect them for 50 years. When we talk about using fiscal measures to reduce our emissions for example, the debate is always about individual sacrifice and penalising people.

We must get away from that and shift the terms of the debate, not to one in which one section of the population is penalised for a benefit that we might not experience for 30, 40 or 50 years, but to a debate in which we accept that climate change is an external threat to us all and that we can deal with it only through collective action. In many respects, it is equally, if not more, appropriate that climate change is debated in the context of national defence. We have to protect ourselves as a nation against its severest effects, whether that is rising sea levels, growing storms here or desertification in other countries, or the social conflict, civil war and international terrorism that result from that.

I am sorry if I am making slow progress, Mr. Hancock. I understood your earlier admonishment about an intervention that was too long, although it struck me that, as there is no rule about the length of interventions, our guiding principle should be that the length of intervention is inversely proportionate to the number of people in the Room and the pressure on time.

I do not want to delay us too much, but I want to speak about environmental taxation. I suppose the problem is that, although the Minister for Climate Change and the Environment is responding to the debate and the Department for Environment, Food and Rural Affairs takes the lead on sustainable development, we know that the key levers of power on the issue lie elsewhere: in the Treasury and the Department of Trade and Industry, because of the latter's control of energy policy. I raise the question of environmental taxation, even though my hon. Friend the Minister has no responsibility for it.

After 1997, the Government got off to a good start by publishing their statement of intent on environmental taxation. There was great support for what the Treasury was trying to do, and in the past two Parliaments we have introduced a number of environmental taxes that have had positive effects. Most have been introduced with a degree of consensus and public understanding. In November 2002, the Treasury made further progress by publishing "Tax and the environment: using economic instruments". However, since then, despite that excellent document with its clear analysis and specific proposals, I sense that we have taken our foot off the accelerator in shifting the burden of taxation from bads to goods and from labour to environmental damage and pollution.

I know that the issues are hugely difficult. Ever since the fuel dispute of September 2000, any Government would be nervous about pushing the limits of environmental taxation beyond what we know can be sustained by public opinion. However, as I have argued several times—I may be the only Member who stands up to say this—fuel duty should be increased because it is a key form of environmental taxation.

We know about the difficulty that we have in transport policy because we are a major contributor to CO_2 emissions. We have a temporary difficulty in that our emissions have risen slightly, but as the Secretary of State said at DEFRA questions this morning, we are on track to meet our Kyoto targets. However, if we are to do something about the huge increase in mobility on the back of the enormous prosperity that our Government have engendered; the increase in emissions from transport, particularly private vehicles; the huge increase in the number of miles that people are travelling; and the cheapness with which people can now buy private cars—if they buy them they do not want them to sit at home in the garage—we have to confront the cost of travelling and the cost of private transport.

I am not saying that we should crash ahead regardless and risk another national dispute with truck drivers, farmers and all the other hangers on from the British National party and the Countryside Alliance because I know that there are aspects of fuel duty and other forms of environmental taxes that are regressive. The Government have to confront the issue; they cannot for ever run away from it.

This week, the Treasury announced that it will now not go ahead with the annual uprating of fuel duty in October because of the global rise in oil prices, but there must be an alternative solution. One solution would be to make it explicit that there was going to be a revenue-neutral policy where fuel duty was to be offset, perhaps by reductions in income tax. We did that perfectly successfully with the climate change levy, which was explicitly a revenue-neutral policy that was offset by reductions in national insurance. It has worked effectively—people have grumbled about it in some ways—and we have a consensus. I now float the idea that perhaps we have to think far more creatively about transport taxation and have trade-offs between the level of income tax and a higher level of fuel duty.

Norman Baker: I am instinctively sympathetic about that, as the hon. Gentleman will not be surprised to hear. Perhaps all of us failed to make the environmental case at the time of the fuel protests—in particular, the Government. After all, the cost of motoring has gone down over the years while the cost of public transport use has increased horrifically.

However, is it not the case that fuel is most expensive in areas where public transport is worst, such as in the highlands of Scotland where there is really no alternative to the private car? The cheapest place to buy petrol is the middle of London. Is road-user charging not a better solution in the medium-term? We can do that as soon as possible, and it is a far more malleable policy in the sense that it can be fixed to achieve the environmental ends we want while not penalising those who have no alternative.

Mr. Chaytor: I understand the hon. Gentleman's point completely and in the long-term, what he describes will probably be the case. However, the likelihood of

having road-user charging on the A927 in Ross and Cromarty in the near future is probably remote. We have to accept that in the short term, fuel duty is a proxy for road-user charging. Arguably, fuel duty is the simplest form of road pricing.

Mr. Hayes: In a more typical fashion, as the shadow Transport Minister, I would like to say that the real point about pricing is that we must distinguish essential car use from voluntary car use and recreational car use. Until that can be done in a persuasive, coherent and—dare I say—sustainable way, pricing is a very thorny subject.

Mr. Chaytor: The hon. Gentleman makes an important point. I am not sure, however, that we can easily distinguish between the different sorts of vehicle use. That is the problem.

I shall give an example to illustrate the mountain that we have to climb. The recent impact of the slight—by our standards—rise in the cost of gasoline in the United States has had a noticeable effect on the purchase of sports utility vehicles there—those great gas guzzlers that are far more suited to the centre of Baghdad than to suburbs in small-town America. The American public is now putting two and two together and realising that the appalling trend of the Detroit car industry producing more of those vehicles is unsustainable. In Britain, precisely the opposite is happening. In the suburbs of my constituency, there are more and more British forms of SUV coming on to the roads. That is because of the rising level of prosperity that I am proud to say my Government have achieved over the past eight years, but also because those vehicles are so cheap to buy and run for those in that income bracket. If we do not confront this issue, we will never ultimately contain our CO_2 emissions and meet our Kyoto targets.

Norman Baker: Another short-term mechanism, prior to road-user charging, would be to vary much more significantly the bands for road tax. It is perfectly possible—indeed, it is desirable—to have a huge increase in road tax for the sort of machines that the hon. Gentleman rightly castigates for urban use, at the same time as a significant drop in the cost for cleaner cars.

Mr. Chaytor: I agree completely. I have put that point to Treasury Ministers when they have appeared before the Environmental Audit Committee. The advantage of greater variability in the vehicle excise duty banding is that it would be popular, because the vast majority of the population do not drive gas-guzzlers or large BMW SUVs. In my experience, the average motorist is increasingly resentful of the impact—in terms of congestion, pollution and occupation of road space—of these enormous vehicles. Having a progressive, redistributive vehicle excise duty system would be a political winner for the Government. I hope that my hon. Friend the Minister will take note of that and have further discussions with his colleagues in the Treasury.

I will move on to two further points. The first concerns definition. I recollect that in the 1999 strategy for sustainable development there was an acceptance—if not explicitly, certainly implicitly—that the classic definition of sustainable development by Gro Harlem Brundtland, the former Norwegian Prime Minister, was the one that the Government would accept. As time moved on, we developed our own definition—the three-legged definition—under which sustainable development was partly environmental, partly social and partly economic. I am interested that in the new strategy we now have five criteria by which Government performance will be judged, including not just social, economic and environmental issues, but the issues of good governance and the importance of sound science.

All of those five criteria are important to build a better society, but I am not sure whether they, as a whole, are going to help us to an environmentally more sustainable society. That is for the simple reason that, as environmental sustainability is only one of the five criteria, it is likely that it will be brushed aside by the constant desire of any Government to focus on improvements in standards of living and the economy.

I will digress for a moment to give a small example of how that works in practice in legislation that is currently passing through Parliament. In the Standing Committee on the Natural Environment and Rural Communities Bill just two weeks ago, an interesting set of amendments was tabled on the responsibility of public authorities in relation to biodiversity. I accept that biodiversity is not totally equivalent to sustainable development, but the point will become clear as I describe it.

Clause 40 of the Bill requires every public authority, in exercising its functions, to

"have regard . . . to the purpose of conserving biodiversity."

Of course, it is easy to have regard to something without doing anything about it. It is easy to have regard to it and then ignore it completely and go in the opposite direction. There was an amendment to delete the term "have regard" and introduce the word "further". Giving public authorities a duty to further the conservation of biodiversity would be a far more powerful tool than that which we have in the Bill.

I raise that point as a message to my hon. Friend the Minister. Although the amendment was not carried in Committee, it may well return on Report, when there may be further discussion about it. It seems a striking example of how individual pieces of legislation can allow the cause of sustainability to be sidelined if the environmental aspect of sustainability is only one of three, four, five or any number of criteria.

The consequences of globalisation are another long-term issue with which I hope the Government shall grapple. The issue has been touched on by other hon. Members, and no one can dispute that globalisation exists. It is foolish to shut our minds to it, pretend that it will not happen and that it will go away. It provides the most wonderful opportunities for human advancement that we have ever seen. However, there are tensions in terms of our national policies, the sustainability of our economy and our society, and our capacity to sustain a healthy planet.

I shall highlight a contradiction in two fashionable lines of thought. First, in the context of agricultural policy, and the reform of the common agricultural policy, the Government have been hugely successful in linking CAP reform to progress in Africa. I was going to say hugely successful in outmanoeuvring the French, but I do not think that that is true, and I am not in

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favour of such petty, nationalist rhetoric. Progress in Africa has taken place, not just by distributing dollops of aid from the west, but by building up Africa's economic capacity and ability to trade.

We are all now in favour of abolishing the CAP and of stopping the $2 per cow subsidy to French farmers. However, we must ask ourselves whether it is sustainable in the long term to source our tomatoes and peppers from Cameroon, as against southern France and southern Spain. In getting rid of one kind of distortion in the market, which is the subsidy to European farmers, are we not in danger of creating another completely dysfunctional market, in which more and more frequently, the food going to the richer nations of north America and western Europe travels many thousands of miles before it gets there? That is the dilemma.

While we are arguing about the importance of freeing up African farmers to sell their goods to the west, we are saying that local food production is important, and that we are all in favour of farmers markets in our constituencies. In my constituency of Bury, North, where there is an excellent monthly farmers market in the small town of Ramsbottom, I know that there are not many local farmers who will be producing mangetout. It will have to be imported if there is a demand for it in the north of England. We must resolve that contradiction. We cannot simultaneously call for and build policies to support more local food production in our communities and our country, while arguing for a globalised system of food production in which food travels many thousands of miles.

Mr. Hayes: The hon. Gentleman makes a most interesting point. If we are to shorten the food production chain, we shall have to face those difficult questions. I wonder if he will consider another distortion with which he may not be so familiar. In the European Union, there is a debate about reform of the sugar regime. The sugar regime protects the price of sugar through a special arrangement with Afro-Caribbean countries which secures their markets. All Tate & Lyle's sugar is cane sugar that is provided by those means. The reform of that regime will be not only injurious to British sugar beet producers, but deeply harmful to those countries highly dependent on the production of cane sugar. It will benefit the sophisticated and wealthy sugar producers in Brazil and Australia—countries that receive high levels of investment from the United States.

Mr. Chaytor: The hon. Gentleman highlights the complexity of these issues. The issue of globalised energy production is related to the issue of globalised food production. Sugar, of all crops, has the capacity to be a powerful supply of biofuels. One great irony of our global trading system is that in Brazil, a significant amount of bioethanol is produced from sugar, but it cannot be sold cost-effectively to the European Union. I understand that a scientific block on the huge expansion of production of fuel from crops is now in the process of being dissolved. Traditionally only part of the crop could be used for fuel and the rest was thrown away, but I understand that new scientific breakthroughs will allow the whole of the crop to be used because the sugars in the whole of the plant can now be broken down. We are on the verge of a great scientific breakthrough in the production of biofuels, and our international trading system has to allow for growth in those markets in order to reduce global carbon emissions.

We are moving towards the end of the debate. I would like to endorse many of the things that other hon. Members have proposed, but that would be tedious and repetitive. I hope that my hon. Friend the Minister will comment about the first green Olympics. I hope that he will comment on the feasibility of an annual debate in Government time on sustainable development. I hope that he will bear in mind what has been said about the amendment to the Natural Environment and Rural Communities Bill on the importance of public authorities seeking to further biodiversity and not merely to have regard to it.

5.6 pm

Mr. Morley: This has been a good debate. I appreciate the contributions that were made by the hon. Members for South Holland and The Deepings (Mr. Hayes) and for Lewes (Norman Baker) and by my hon. Friends the Members for Stoke-on-Trent, North (Joan Walley) and for Bury, North (Mr. Chaytor). It is a shame that, because of today's circumstances, more Members were not present.

I said in previous debates that the Government would try to find an opportunity to discuss sustainability and climate change in the context of Gleneagles. Today's debate provides that opportunity. I certainly take the point made by my hon. Friend the Member for Bury, North that, by tradition, if not by right, annual debates are part of the business programme of the House. I do not think it unreasonable to suggest that sustainability should be the subject of such a debate. It is a matter for business managers, but I shall certainly ensure that my hon. Friend's views are known.

I shall try to answer some of the points raised in the debate before dealing with sustainability. The hon. Member for South Holland and The Deepings said, perhaps not unreasonably, that, if the Government bring forward strategies on sustainable development, there must be some measure of delivery. I do not disagree.

The latest strategy, "Securing the Future" is incredibly detailed. It deals with a number of points, including some mentioned by the hon. Member for Lewes. In terms of measurement of delivery, we have the indicators. He did not mention that each Department has public service agreement targets and that we increasingly share such targets. On the point that he made on air quality and CO_2 from transport, we have a shared PSA target with the Department for Transport. That means that both Departments are obliged to make progress on those targets, which is welcome. Co-operation between the Departments is good, and I shall say more about that in a moment.

The development of the sustainable communities plan is a genuine attempt to address the need for more homes, particularly in the south and south-east, where demand is focused: that is where the population is, where the jobs are and where economic growth is to be found. It is not

the only place. There is demand for jobs and homes in other parts of the country, including the Corby growth area.

We heard of the demolition of homes that cannot be sold or let. The argument was presented in a rather rose-tinted way—that they are nice, Victorian terraces. I agree with my hon. Friend the Member for Bury, North that they are not always nice; they are sometimes pretty nasty Victorian terraces.

The hon. Member for South Holland and The Deepings would be mistaken to think that it is only about Victorian terraces. Many homes that cannot be let or sold are 1960s concrete, prefabricated developments. I do not know whether he has been to some of the areas where there is a problem with hard-to-let and hard-to-sell houses. I certainly have. They include the no-fines houses that were popular in the 1960s but are now riddled with damp, black mould and all sorts of problems. A range of constructional techniques were used, including in my constituency. In some homes, the walls are crumbling away and the tie bars are corroding. There are all sorts of difficulties with life-expired homes and not all of them are Victorian, some of which tended to be better built.

When such homes can be refurbished, they are. In Frodingham village in my constituency, terraced homes that were built for steelworkers did not have bathrooms but they have been refurbished, had extensions built and bedrooms turned into bathrooms. It is a very nice environmental development and popular, although the refurbishment has provided for two bedrooms. Homes with two bedrooms are not altogether popular with families, as those of us who meet at our advice surgeries people who are looking for homes know well. Such homes have a role to play, but they are not the answer in all circumstances. Sometimes, the cost of refurbishment is far higher than the cost of new build. Some of the problems are to do not with the houses, but with the design, the area and the nature of the community, which can be remodelled when there is demolition.

It surprises me, but I hear now and again that some people living in such homes do not want to move and to see their homes demolished. When I was a city councillor in Hull in 1979, we still had a slum clearance programme in my ward. Those homes had no proper facilities and were in very poor condition, yet people did not want to leave them. There is a lesson there for all of us. It is about communities. Little thought was given to the nature of communities when large-scale redevelopment took place in the 1960s and 1970s. We need to learn those lessons and I believe that we have.

The Government have a target of building on 60 per cent. brownfield sites. We are exceeding that target and it is likely that we will continue to do so, particularly with growth areas such as the Thames gate way, which is Europe's biggest brownfield site. I appreciate that there are issues of definition of brownfield sites and we can look at those.

There has been some loss of green belt areas, but there has been a net gain of such areas under this Government. That should be borne in mind. Green space is an important part of sustainable communities. My colleagues in the Office of the Deputy Prime Minister recently announced a policy on the use of green space in growth areas as part of sustainable communities. Using green space for leisure, recreation, sustainability and urban drainage is important.

The role of the Sustainable Development Commission, an independent body chaired by Jonathon Porritt, has been strengthened. It will now report directly to the Prime Minister on the monitoring of progress. We also have the Environmental Audit Committee, as my hon. Friends stated.

Mr. Hayes: Just to scotch the Minister's myth about green belt expansion, it is not that the total area of green belt has not expanded since 1997—clearly, it has—but how and where it has expanded. The green belt should be just that: a belt of land around areas where development pressure is greatest. The green belt is expanding into open countryside while towns and cities are being allowed to sprawl into the inner green belt. That is a distortion of the purpose of green belts.

It is true that the targets for brownfield land have been exceeded, but there are two points about that. The target may be too low, and it has in part been exceeded because of the definition of brownfield land, with buildings being crammed into back gardens.

Mr. Morley: That is not the case. The definition of brownfield sites has not changed and the hon. Gentleman's description of how the green belt has expanded is simplistic. Additional areas of green belt have often been included as part of the sustainable growth of communities, both in relation to having a buffer zone and to have some green space in communities. That is important.

The strategy has not led to building in people's back gardens. As I represent a rural area, I accept that that would be a problem. Some people who have big gardens in nice villages are keen to get a house in them. Our policy is not new and is controlled by structure and district plans made by the local authority. My local, Conservative-controlled council is keen on that kind of policy and has overridden the district plan put in place by the Labour authority. The situation is not simple.

I accept the hon. Gentleman's point about mixed communities. They are important. Such housing provision can be achieved. There is also the issue of prediction. I accept that we should be a bit cautious about predict and provide but, when setting housing strategies, it is important that local authorities and county councils have some idea of what demands there will be for housing in the region. That affects councils' long-term planning for schools, doctors' surgeries and transport. There must be some idea of a figure. We cannot expect those facilities to be expanded in an ad hoc fashion. There must be some planning.

I take the hon. Gentleman's point about packaging. It is an issue. The packaging directive has been helpful. Hon. Members should be aware that, for the first time since we have had records on waste, the overall waste stream in this country has declined. I welcome that. Recycling has shot up, from 6 per cent. in 1997 to 18 per cent. in 2004. I believe that we can meet our target of 25 per cent. at the end of 2005–06.

There has been a huge change on the issue. I accept that we have come from a low base compared to other European countries, but we are moving on. I am glad to

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see those changes. I hope to make an announcement on packaging in relation to retailers in the not-too-distant future. It may be significant. I say to the hon. Gentleman: watch this space.

I understand the points that the hon. Members for South Holland and The Deepings and for Lewes, and my hon. Friend the Member for Stoke-on-Trent, North made on timber policy. We in this country can be proud of what we have done on timber policy. As I mentioned, we have a procurement policy on sustainable and legal timber. The timber industry has been an enthusiastic supporter of that policy and there have been big changes among the retailers.

To give one example, DEFRA is undergoing extensive modernisation. It is moving to open-plan offices with an atrium. All the timber being used is certified. It happens to be certified by the Forestry Stewardship Council, although there are five schemes that have been recognised by the Central Point of Expertise on Timber. The DEFRA project has involved such a volume of timber that the joinery company doing the work has achieved Forestry Stewardship Council certification. It is the first joinery company to be certified by the FSC. It would not have been able to do that were it not for the volume of timber and the work that we are providing through Government procurement strategies. That project is a tremendous success.

I understand that the point that is being made is that the FSC scheme is not the only certified scheme. To be truthful, at the moment, the FSC could not cover the volume of timber that is being used in this country. The pan-European certification scheme covers many of the softwoods, in particular the Baltic and the Scandinavian ones.

I understand that non-governmental organisations are concerned that, although there is no question about the pan-European scheme meeting the standard on legality, it does not quite meet our criteria on sustainability. That is true. That is why, in the assessment by the Central Point of Expertise on Timber, the scheme did not get the top rating. Since that assessment, the pan-European scheme has talked to CPET and offered to change its criteria. That is remarkable. What the Government are doing might change the criteria of a global certification scheme. Of course, that must be judged against the standards that we have set. ProForest, an independent body, is doing that. We discuss the matter with NGOs regularly, and I have asked that CPET should consult the NGOs to talk about such changes. Is it bad that a scheme with some weaknesses, which is generally recognised to be pretty good, but not ideal, is prepared to address those weaknesses? Should not we encourage that? We will have to see what comes out of the discussions.

Joan Walley: In light of those comments, will the Minister provide me with more detail of where the standards are being met, and where the improvements that he says have been volunteered have been brought in, so that we can measure how fit for purpose the new arrangements are compared to the previous one?

Mr. Morley: That is perfectly reasonable. That work is under way. I note my hon. Friend's question and will make sure that she gets some information on that.

The hon. Member for Lewes said that he offered a consensus in a letter to the Prime Minister and the Leader of the Opposition. That is okay, as far as it goes, but he knows as well as I that the Government could not sign up to some aspects of that letter. Indeed, even the Opposition could not sign up to some of them. There is an argument for a consensus. I take his point and accept that he is sincere. There may be some areas of our approach that we can examine. There are challenges for all parties if we are serious about moving forward on sustainability and climate change.

I know that the hon. Gentleman loves leaked letters and enjoys quoting from them, but I must say to him that there are, of course, debates within Government. They would be a poor Government who did not debate various issues. If I were in his place, I would take some comfort in the fact that DEFRA is standing up for the issue of sustainability in that debate. In the end, it is the agreed strategy that matters and he will not find much in it with which he disagrees. The Government, not DEFRA, have signed up to that strategy, which was launched by the Prime Minister, and is supported by the Secretaries of State for Education and Skills and for Trade and Industry, and by DEFRA Ministers. It is a cross-Government approach.

I accept the hon. Gentleman's point about railway lines. It is always easy to close railway lines and hard to reopen them. One line that has reopened, I believe, is the Robin Hood line in Nottinghamshire. One reason for that line's popularity is the National forest. That is a good example of a sustainable strategy that gives an economic benefit, on which I am keen.

I accept what the hon. Gentleman said about aviation. There may be a delay in the trading scheme, but carbon trade is the most effective way in which to deal with aviation. I do not object if a company that wants to expand buys credits, because they come from somewhere else. It does not really matter where the reduction is, because the issue is a global one. That is one of the advantages of the tradability of carbon. I am keen on that scheme.

There are other solutions to consider, such as a NOx tax—a tax on oxides of nitrogen. BAA already has a price on landing slots linked with noise and NOx. That is effective because it encourages airlines to have newer, quieter, more fuel-efficient planes to get lower prices for landing slots. That is a successful market mechanism, although I accept that there is debate to be had on that.

My hon. Friend the Member for Stoke-on-Trent, North talked about the urgent need to take action and to move on, which I fully support, and the need for a joined-up approach, in relation to which I refer her to the EAC report on sustainability, which we have addressed in some depth.

My hon. Friend made a good point about education and sustainable development. If we are to take a new approach, we need people with design, engineering, manufacturing and building skills to support it. The Government's sustainable procurement strategy is an opportunity to encourage such skills. If a company is trying to develop a market for a greener approach to design, building or production, for example, it is worth while for it to invest in the skills base. The Government also provide support for skills. I welcomed her comments.

My hon. Friend the Member for Bury, North mentioned the profile of sustainable development. It certainly has been raised as part of the G8 process and our EU presidency. That has been useful, and I welcome it. He spoke about the Olympic games and the idea of a cross-party approach—again, I like that idea. The Olympic bid included a low-carbon approach; reducing energy demands and meeting them from zero/low carbon and renewable sources; showcasing new designs and sustainable building and design; aiming for zero waste by avoiding landfill in both construction and operation; and conserving biodiversity and improving the quality of urban green space. I am keen on the way that green space has been incorporated in the Olympic bid, and how sustainable urban drainage has been utilised—it is a good example. The bid also covered sustainable transport and the sustainable legacy that I mentioned. Those are all important issues.

WWF-UK and BioRegional were involved in the design of the London 2012 bid. BioRegional is a local charity that promotes sustainable development. I liked the idea of a target of 1 W for the stand-by power limit. We must consider such issues.

My hon. Friend might be interested to know that efficiency standards are on the G8 agenda. I hope that something comes out of that. He mentioned the touchy issue of fuel duty. I had something to say about that during the debate on fuel. I cannot say that my comments were particularly welcome in certain quarters. I say to the hon. Member for South Holland and The Deepings that it is easy to jump on a bandwagon instead of taking an unpopular position on fuel duty. The mark of responsible Governments and Oppositions is that sometimes they do the right thing, even if it is unpopular. Fuel prices have risen significantly because of world prices, and they are unlikely to come down in the near future. As such, there is no need to put the price up with duty, but there is an argument for differential vehicle excise rates, and, to a certain extent, they have been introduced. Changes have also been made to company car taxation. A revenue-neutral approach is important.

There has been discussion about definitions. The strategy document, "Securing the Future", gives a definition of sustainability that is based on the international definition:

"to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations."

Page 16 gives more detail about how sustainability is defined, including guiding principles, and clearly outlines the elements of sustainability and a sustainable strategy. My hon. Friend the Member for Bury, North will find on page 34 a progress report on incentives and green taxation, which is quite comprehensive. He might like to look at that.

"Securing the Future" is an important document. It is a Government document that brings all the Departments together to deliver the overall strategy. I very much welcome this debate. I welcome too the fact that the Government take the issue seriously, and constantly seek to strengthen and to refine our approach and to make it more integrated and effective. That process will continue.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Five o'clock.

Westminster Hall

Tuesday 12 July 2005

[MR. BILL OLNER *in the Chair*]

EU Sugar Regime

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Heppell.]*

9.30 am

Mr. Keith Simpson (Mid-Norfolk) (Con): It is a pleasure, Mr. Olner, to be under your gimlet eye. I am pleased also that the Minister of State will be replying to the debate. For many of us—I say this in the most positive way—discussing United Kingdom farming and the European Union sugar regime has something of "Groundhog Day", but I am pleased that he is here; it shows that his Department takes the debate seriously.

I am grateful for the opportunity to debate the subject. Sugar beet is obviously important to farmers and to the food industry in my constituency of Mid-Norfolk. Several thousand jobs in Norfolk depend directly on farming and food processing. British Sugar has a beet factory at Cantley in my constituency, and many other people, including road hauliers, depend on that business. Sugar is important to my constituents in a wider sense, not only as consumers but as people with concerns about the environment and the developing world, which has been the subject of a nationwide debate over the past few weeks.

The timing of the debate is apposite, given that the UK took over the EU presidency on 1 July. The EU Commission proposals for reform of the EU sugar regime were published on 22 June. The timetable for consideration of those proposals was set by the UK. Consultation will take place during the summer and autumn, with the Council of Agricultural Ministers on 21 and 22 November taking a decision on the EU's position for the World Trade Organisation ministerial meeting in Hong Kong that will take place between 13 and 18 December. I regard today's debate as part of the consultation process.

One of the purposes of the debate is to outline some of the concerns about the EU proposals that have been expressed by UK farmers—particularly those in my constituency—and to press the Minister on what he believes will be the main issues that will determine UK policy. I hope a little later to put some specific questions.

Reform of the UK sugar regime will go far beyond the narrow position of UK farmers. It will have a direct impact on the wider UK food industry, which does not necessarily speak with one voice on the subject. Indeed, I note that in recent oral questions to the Department for Environment, Food and Rural Affairs, some hon. Members have taken a different position on sugar processing and free markets. Reform will not only affect consumers but will have a major impact on sugar producers in the Caribbean; some of them rely on sugar as a staple product, and it is their main earning power for overseas currency. It will also have an impact on access to EU markets by many developing countries. Reform goes beyond narrow UK farming interests.

Over the past few years, farmers have been pillorised as fat cats by the UK media because of the EU subsidies that they receive, particularly those for sugar beet. That is unfair. Many British farmers would not be able to continue without such subsidies. It is unfair to think of them as selfish fat cats. There may be some like that, but the overwhelming majority of farmers in my constituency do not see themselves like that; they believe that they have been unfairly caricatured. They believe that they are putting something back into the community by caring for the land and the environment. They are also conscious that in the past—this could apply in the future, too—they were concerned about security of food supply in a changing and, at times, threatening world.

Consumers in the UK are ambivalent about farming and food. They want UK farming to be compassionate, environmentally friendly and free of subsidies and additives. At the same time, they want the cheapest possible food. They want food that has not been grown or bred abroad under inhumane or environmentally poor conditions; they want food that has not been transported thousands of miles and they want food that is not frozen rather than fresh. We have to square that circle. I do not knock UK consumers; we might find that attitude in our own families.

However, there is a downside to all the plus positive things that we want for our food. One of those is that the very market forces that we wish to open up will close down some of the most efficient, environmentally conscious, humane farming in the world, here in the UK. While I do not wish to exaggerate the problem, it is a sad fact, as the Minister knows only too well from previous debates, that some of the food that we consume in the United Kingdom—perhaps labelled with a Union jack—does not come from the United Kingdom but was produced under inhumane and environmentally horrendous conditions. We should be conscious of that in this debate.

Paddy Tipping (Sherwood) (Lab): The hon. Gentleman knows the difficulties that remain to be debated. Given what he has just said, is it not important to try to get a political agreement on the sugar regime during the British presidency while we have more opportunity to influence change?

Is it not important to push out the more inefficient producers in Europe—those in places such as Greece and Finland? Thirdly, in any decoupling mechanism, is it not right that the compensation arrangements that must surely follow are the same across Europe, so that there can be no unfair competition?

Mr. Simpson: I was very happy to take that intervention from the hon. Gentleman, who knows the subject well—several years ago, we served together on the Environment, Food and Rural Affairs Committee. In fact, I am beginning to think that there is some sort of spy camera in my office, because he seems to have read parts of my speech that I thought were known only to me—it seems that Labour Whips have become more efficient over the years. He is absolutely right that the presidency represents an opportunity for the United Kingdom. It has to show Überparteilichkeit—that is my one bit of German for the day—to be above party politics. At the same time, farmers and consumers are

[Mr. Simpson]

looking to the UK to take a position. He is right that whatever happens must happen across Europe. Why should some of the most efficient, environmentally conscious farmers be put out of business while others continue? I shall come back to that.

Looking back over debates in the past few years about the common agricultural policy, in particular those on the EU sugar regime, I am struck by the fact that there seems to have been a general consensus that subsidies either need to be phased out or are going to be. Even farmers who do not want to consider that possibility accept the likelihood that they will go, and the majority think that it is inevitable. However, the devil is in the detail, and there are real concerns about how it will be achieved without wrecking UK farming and possibly damaging the agricultural economies of many developing countries.

Moving from a protected, subsidised farming economy to a free trade economy is not necessary. When the hon. Member for Sherwood (Paddy Tipping) and I were members of the Environment, Food and Rural Affairs Committee, we visited New Zealand to see how it had moved from subsidies to a free market. Obviously, there is no direct analogy with the United Kingdom, and New Zealand is not a member of the EU. It took the New Zealanders about 15 years to develop a new farming economy. Many farms went out of business, and there was much hardship on the way. I left with the impression that it had been nip and tuck whether they would produce the free trade farming economy that they now have.

United Kingdom farmers face a similar journey, possibly over a similar time scale. I am concerned that the Government have not yet produced a strategic road map to navigate the UK farming industry from where it is now to where it might be in the next 10 or 15 years. About 36 per cent. of the national sugar beet crop is grown in Norfolk, and it is regarded as the county's cornerstone crop. Getting changes wrong will have a serious detrimental impact on farming in Norfolk and particularly in my constituency.

What are UK sugar beet growers' concerns about the EU proposals? First, the timetable for implementing the price cuts is too short and will cause a shock to the industry. Interestingly, that view was endorsed by Oxfam, which argued for shallower price cuts and a longer implementation period than that proposed by the Commission, precisely because of the damaging impact on some of the world's poorest economies. Are the Government considering proposing to other member states that the timetable be shortened, for the reasons that I have advanced?

Secondly, there is the extent of the price cuts. A 42.6 per cent. cut is too drastic and goes far beyond what is required to achieve a balanced market that ensures production in the EU's most efficient regions—the very point made by the hon. Member for Sherwood. The price cuts threaten production, even in the EU's most efficient regions, which obviously include the United Kingdom.

Mr. John Greenway (Ryedale) (Con): My hon. Friend has come to the point in the new proposals that causes the gravest concern. Although they are considerably better than the EU's first draft, does my hon. Friend agree that the objective of taking 5 million tonnes out of production does not require a cut in the proposed reference price of the scale proposed by the European Commission? For all the Government's support for change, is it not important that they embrace that thought?

Mr. Simpson: My hon. Friend has made a good point, which I absolutely support. I look to the Minister to address it in his reply.

Is the Minister aware of the work done by the sugar beet expert Martin Lainsbury of the Arable Group, which is based at Morley, near Wymondham, in Norfolk? Mr. Lainsbury has calculated the financial implications of the proposed price cuts for the average sugar beet grower in Norfolk. He estimates that growers' income would slump by more than £750 per hectare—from a gross £712 to a loss of £40 per hectare. In other words, we are going straight into deficit. If correct, that would have a devastating impact on farmers. At the very least, it would persuade many to get out of sugar beet; in some cases, it would persuade them to get out of farming.

Thirdly, it seems that highly efficient sugar beet producers such as the United Kingdom will be treated exactly the same under the proposals as the most inefficient producers in EU countries such as Greece and Finland, as the hon. Member for Sherwood said. Surely, the logic should be to close the least efficient producers down and compensate them. Why drive out efficiency rather than inefficiency?

Fourthly, there is the merging of the A and B quotas. Implementing a 42.6 per cent. price cut on an amalgamated A and B quota disadvantages small proportional B quota member states because, as the Minister knows, the price of B beet is lower than that of A beet. The UK's status as a relatively small B sugar producer means that our growers are likely to face an additional price cut of 2.3 per cent. over and above the 42.6 per cent. proposed by the Commission. Do the Government intend to oppose cutting prices on an amalgamated A plus B quota?

Fifthly, since the Government began their partial regulatory impact assessment on 30 June, they have concluded that if sugar beet prices fell to €25 a tonne, the majority of UK sugar beet growing would be unprofitable. I understand that the Department for Environment, Food and Rural Affairs does not expect the price to fall that low and states in the assessment that €30 a tonne is more likely. A €5 margin is not that great. Can the Minister explain on what basis DEFRA made that calculation, and what will happen if the calculation is wrong and the price falls to €25 a tonne?

I could continue to ask a whole raft of questions, but I am conscious that other Members wish to speak. The EU Commission has failed to recognise the legitimate rights and interests of growers. There appears to be no explicit provision for growers to have a say in the process of deciding whether to purchase additional quota or to relinquish quota under the restructuring scheme. I do not think that growers have any more right than any other group in the EU; but they certainly have a right per se to be heard, given that at the end of day

their livelihoods are at stake and they are potentially the cornerstone of UK farming. Does the Minister agree that there should be explicit provision for growers to have their say in the consultation process?

Sugar beet growers would have more confidence if there had been a serious policy decision to consider an alternative crop to sugar beet that might help provide financial stability and be environmentally friendly. I refer, of course, to biofuels. Biodiesel is made from vegetable or animal oil, mixed with a small quantity of methanol. Bioethanol is a simple alcohol that is produced by the fermentation of plant co-products—straw, wheat, potato and sugar beet tops.

Over the past few years there has been a long, exhausting debate about biofuels. I would like to acknowledge my former colleague and good friend Baroness Shephard, who has now transferred to another place and whose presence hovers in this Chamber even as I speak. As a former Minister with responsibility for agriculture, she knew the issues only too well and has led the charge on biofuels. Her successor, my hon. Friend the Member for South-West Norfolk (Mr. Fraser), will continue with that and hopes to catch your eye later, Mr. Olner.

The serious point is that hon. Members have won the argument with the Minister and his Department. However, although it would be churlish not to acknowledge that the Treasury has lowered the duty on biofuels, it is not until we get a zero-rated duty that those interested in investing in them will be prepared to do so. We are in a Catch-22 situation: the Treasury say that if duty were lowered to zero, we would be flooded by biofuels from the continent, yet if we do not do so, we are ultimately still likely to be flooded.

Paddy Tipping: It is very good of the hon. Gentleman to give way again. Let me associate myself with his remarks about the noble Baroness Shephard. He mentioned the Treasury, but what about the Department for Transport and the notion of a biofuels obligation, which is already in legislation? What has happened to that work? Why is the Department for Transport not moving forward on it? A stepped-up obligation would avoid the import of Brazilian ethanol.

Mr. Simpson: Once again, the hon. Gentleman has made a strong point and although I do not necessarily expect the Minister to answer on behalf of another Department, the point should be passed back. Developing biofuels not only would provide a staple crop for many farmers but would be environmentally friendly on the whole and answer the increasing problems caused by the import of fuel. I recognise that there are many difficulties en route, but I would like to think that the Government were considering the issue strategically. Such behaviour would be a form of what used to be called joined-up government—I do not know whether that phrase has now gone out of fashion.

Mr. Greenway: I am very grateful to my hon. Friend; he has evened up the score of interventions with the other side.

With regard to a strategic view from Government, is my hon. Friend aware of the significant research project into the production of bioethanol from sugar at the Central Science Laboratory in my constituency? I am assured that that work is virtually complete. We could launch that initiative very soon.

Mr. Simpson: A lot of research has come together. Norfolk MPs recently had a presentation from people from the north-east who are involved in looking at developing the industry. I am ashamed to say that they seemed to be far ahead of those of us in Norfolk. Lots of things are coming together and the Government must surely get on with it as quickly as possible.

My debate has been about UK farming and the EU sugar regime. We tend to debate that at the strategic level and we rarely come down to the individual farmer and his family. I am only too conscious that in my constituency the majority of farmers are not large commercial groupings. It is frequently the farmer and his business partner, who is usually his wife. Most of them manage to farm under the most difficult conditions, not least the blizzard of rules, regulations and computer failures.

I want to close with a short quote from a farmer who wrote to me on 4 July, when he heard that I had initiated this debate. He writes:

> "I have now had an opportunity to work through the figures and the impact on my business. I am a small farmer in Norfolk looking after 600 acres. Financially the impact is devastating to the economics of the farm, in fact the only sensible option is to cease beet production altogether. Looking to the future I will have to radically change the way I farm to the complete detriment of the environment I have spent 10 years building up. I currently grow 40 hectares of sugar beet (a spring crop) 50 hectares of linseed (a spring crop) and 30 hectares of spring barley (another spring crop). This spread of winter/spring cropping gives a good balance of environments to all wildlife. I feel particularly proud of my 30 pairs of Grey Partridges and 2 pairs of nesting Barn owls. Without sugar beet the only way I will be able to remain financially viable will be to pursue a Wheat/Oilseed Rape/Beans rotation. This will maximise my gross margin and I hope allow me to remain in business. These are all autumn sown crops and so will offer little in the way of diversity to wildlife. Overwintered stubbles will be a thing of the past, granted I have planned for some skylark plots in my ELS application, but will a dozen 12 square metre plots make up for 60 hectares of stubble or 40 hectares of lifted beet debris, both of which support an enormous diversity of wildlife. I know the impact this will have on the wildlife's environment. I just feel very sad that wildlife is again going to be the main loser in man's pursuit of a fractionally cheaper Mars bar. If this is the implication on my farm, I wonder what impact cutting down vast tracts of rain forest in Brazil to produce sugar cane will be?"

I have not come here as an advocate or to make a special plea for UK farmers. We are beyond that. I believe, however, that UK farmers have a right to look to the Government to see what their policy will be in terms of the EU Commission's proposals. Have the Government thought through the road map to get us from where we are now to where they would like us to be in five or 10 years? If they do not, other colleagues will be debating the disappearance of UK farming in this Chamber in a decade's time.

Mr. Bill Olner (in the Chair): We have just over half an hour of general debate before I call the Front-Bench spokesmen. If hon. Members can keep their remarks rationed, they will all get in.

9.55 am

Dr. Richard Taylor (Wyre Forest) (Ind): One of the enormous privileges of being an independent Member in this place—particularly in Westminster Hall—is that I

[Dr. Richard Taylor]

can sit in the middle and if there are not many Members on one side or the other, I get called early. So, I am grateful to you, Mr. Olner. I am also grateful to the hon. Member for Mid-Norfolk (Mr. Simpson) for raising the issue, because I have just had a meeting with some National Farmers Union members in my constituency and this debate allows me to put all my questions directly to the Minister, who I am pleased to see present, rather than writing to him at some length.

Sugar beet in Wyre Forest is not of nearly the same significance as it is in Mid-Norfolk, but there are at least 20 farmers who, on average, produce 1,000 tonnes a year. Because the farms are much smaller than the Norfolk farms and are on tight rotations, at least a third of their land is taken up in that way. So they are very vulnerable to changes in the price. Of course, the price that we are being quoted is unviable for many of them. As the hon. Gentleman has said, the timetable is far too short.

One point that has been raised repeatedly with me is the compensation deal. Apparently, the compensation deal involves the Government and not the growers, whereas in some of the continental countries, compensation is going straight to the growers. It is crucial that compensation goes where it is needed. In my area, there is a larger producer, who has bought the incredibly expensive harvesting equipment, which he then lets out to the rest of the growers in the area.

I know of the Minister's interest in wildlife, and he knows of mine. At least we still have lapwings and skylarks in Wyre Forest. We cannot manage corncrakes or pink-footed geese, but I can still hear skylarks. Not to be able to do so would be a huge loss.

Alternative uses have been referred to, and I can only support the comments on getting bioethanol from beet. It is so obvious that there is another use. Why the dickens can we not pursue that? I am sure that many of the farmers in Norfolk, Scunthorpe and certainly in Wyre Forest are joining the specially chartered flight to Brussels on 18 July to lobby the meeting there. As the hon. Gentleman said, this debate is very much part of the consultation and we want to convey the message that our farmers are desperately worried.

I shall talk briefly about diversification, because that is the way sugar beet farmers are having to look. Producing biodiesel from oilseed rape has been mentioned. It seems ridiculous that we export the rape to Germany to be processed and then reimport it to this country. Is that due to subsidies or because there is no processing capacity? Could we not produce the biodiesel in this country?

On niche marketing, high-quality poultry is produced in my area and sold directly to small butchers and farmers' markets. However, the farmers who do that have come up against a tremendous problem. There are apparently eco-friendly poultry houses. They are low-profile, on skids and mobile, and they have solar panels, but they do not fit in with any of the local planning guidelines. The local planning committees do not know how to pass them. Somehow, planning rules are not keeping pace with the aims of diversification.

Another interesting niche market is asparagus. One of the farmers who is growing asparagus and selling it directly has found that the bashed-up fragments are much better than the high-quality stuff, because people buy them for soup. Sometimes he has to bash up his good-quality asparagus just so that he can sell it for soup.

Another problem that was raised with me relates to environmental stewardship. Even getting in at the entry level is difficult because of the problem in obtaining the digital maps. One farmer applied on 17 January and still has not got them. I am sure that all hon. Members have seen them and know the amount of detail that has to be completed. We are talking about every field, every hedgerow, arable scrub and woodland. Every tree that measures more than 30 cm in diameter at chest height has to be entered. So the farmers cannot even start until they get the digital payback.

One bit of good, purely local news that we raised in the Chamber last week concerns neighbourhood policing. There will be trials of that in the area that I represent. As the farms in the area are close to the towns, it will give local farmers a direct phone number to call when the local ne'er-do-wells are invading.

How can the Minister protect the growing of sugar beet in this country? I am sure that, following the trip to Brussels, he realises the strength of feeling. I expect that some of his farmers will be on that trip. It is vital that compensation to growers really gets there. I also want to ask about diversification—converting beet to bioethanol and oilseed rape to biodiesel—and about the planning rules. How can those rules be brought up to date so that they keep pace with diversification? Finally, I would like to know about the digital maps for environmental stewardship.

10.1 am

Mark Pritchard (The Wrekin) (Con): I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on initiating the debate, which is important. I represent The Wrekin, which is in Shropshire and in which is situated the Allscott sugar beet factory. At peak periods, the factory employs 150 people. It is supplied locally by 600 farmers, of which 200 are in my constituency. Therefore, sugar beet, and the sugar industry in general, is important to The Wrekin, and to Shropshire as a whole.

Many of the people employed at the factory have children who go to local schools. When those people get their pay packet, they go off to local retailers and take their families to local leisure operators. Therefore, the future of the Allscott factory is of great importance. I hope that the Minister will be able to confirm that he has held discussions at the most senior level with British Sugar and to reassure me and my constituents that there will be no threat to jobs at Allscott.

I have some concerns on the specifics of the proposed changes to the sugar regime. My hon. Friend the Member for Mid-Norfolk mentioned the reference price. It seems to have slipped. In the White Paper, the reference price was €421. The proposed change now makes it €385, which is a considerable and extremely sharp drop from the existing price of €632. We know now that, for sugar beet specifically, there is a proposed price change to €25. That is unnecessarily severe. It is a huge drop in price. Many farmers have telephoned me to express their concern about the issue.

We have heard about food security. There is a real issue about how it will affect the supply chain. Can we be confident that farmers will not say, "Well, supplying

sugar beet is just not profitable any more and I can't continue to do it"? If that happens, we may find ourselves importing far more sugar beet, despite the fact that we have been producing a huge amount for our own needs, never mind those of other people.

We heard from the hon. Member for Wyre Forest (Dr. Taylor) about compensation. I agree with him that compensation needs to be equitable and that there needs to be a level playing field throughout Europe. He touched on compensation going directly to beet growers. I also agree with him on that point. The rules on the origin of sugar beet need to be transparent and secure.

My key point is about diversification and bioethanol. It is a real opportunity for the Government to produce a strategy that protects farmers and gives them a new outlet for sugar beet. It would enable the Government to say, "We are actually doing something to try to meet our Kyoto and climate change targets." I was in the Chamber when the Minister who led the debate on climate change and made the winding-up speech kindly agreed to consider the issue of bioethanol. I hope that he will comment on any progress that the Government have made during the past two weeks. It is a real opportunity for Britain to lead the way in Europe. It is said that others, such as Germany, are leading. Well, we can catch up.

Why is it that in Brazil 23 per cent. of cars use some form of biofuel? Why is Brazil leading the way? It is a fine country, but we should be leading the way. We have the technology, the innovation and the capability to establish a leading biofuels industry. Of course, it must be led by the Government, and they need to provide tax breaks and some sort of preferential loan, so that the capital investment can be made by those who wish to be involved in the industry. I hope that the Minister will comment on whether he discussed that issue with oil companies and with the Petrol Retailers Association, because the fuel companies appear to be dragging their feet. They appear to be reluctant to get involved, while everybody else wants to.

I have a couple of facts to impart before I close my speech. I note that bioethanol can be produced from UK-grown sugar beet and wheat. Bioethanol produces at least 50 per cent. of the carbon emissions produced by petrol. Surely, that is attractive. Use of bioethanol by 5 per cent. of cars in the UK would provide the equivalent carbon saving of taking 1 million cars off the road. Surely, that is attractive. I hope that the Minister will be able to inform us of the progress that the Government are making.

Allscott is a vital part of the community in The Wrekin. In 2007, Allscott will celebrate its 80th birthday, and I hope that it will be a happy birthday, not an unhappy birthday. There is an issue about the 350 lorries from the plant that travel through my constituency at peak time, and I held discussions with the plant manager on Friday. The company is aware of the issue, and it is addressing some of the local residents' concerns that I raised. However, we welcome Allscott, the jobs that it provides and the spend that it provides in the local community. It is an integral part of Shropshire life.

This is not a matter of either/or; the changes do not mean in extremis the potential demise of the sugar beet industry, its growers and its producers. Let us turn the matter around and consider it as an opportunity. The change is dramatic, and British Sugar will inevitably make cuts somewhere in the United Kingdom. However, let us be proactive rather than reactive, and let us use this change as an opportunity to diversify into biofuels. Let us do it early and do it now, so that in the transitional period between now and 2008, when there is sadly no review, and up to 2015, there are no casualties among farmers, and in particular, farmers in Shropshire.

10.10 am

Mr. Christopher Fraser (South-West Norfolk) (Con): First, I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on securing this debate on a subject on which my predecessor, the right hon. Baroness Shephard, also secured several debates.

The recently announced European Union proposals on reform of the sugar regime will, as my hon. Friend said, have a significant impact on Norfolk and particularly on my constituency. I endorse his comment that the proposed cut in sugar prices will seriously undermine the profitability of many sugar beet growers. The Government's partial impact assessment on the proposals states that, at €25 for a tonne of sugar beet, most United Kingdom sugar beet growers will be unprofitable.

I shall repeat the questions that my hon. Friend asked the Minister. How certain are the Government that the sugar beet price will not fall to €25 a tonne? From the Government's conversation with British Sugar, how likely do they think it is that British Sugar will pay higher prices to maintain consistency of supply? How many sugar beet growers do the Government believe will remain in the UK after the implementation of the reforms? The EU proposes to compensate growers for 60 per cent. of the price reduction in a single farm payment. It is hoped that that will cushion the impact, but the Minister needs to answer several questions before we know the full implications of those payments. Will the Government guarantee that the sugar beet compensation payment is paid solely to sugar beet growers and not to other farmers, or do the Government intend to dilute the compensation by putting it into the general funds for the single farm payment? How many UK sugar beet growers will remain if the compensation payment is diluted? Does the Minister agree that a fully decoupled payment paid directly to beet growers should be implemented throughout the EU? Will the UK Government prevent other countries from obtaining a competitive advantage by retaining an element of coupled payments?

In addition to the large number of beet growers in my constituency, there is also the Wissington processing plant, which is one of six such plants operated by British Sugar. That plant, and others at Bury St. Edmunds and elsewhere, process nearly half the UK's beet crop. Out of the six plants, the Wissington plant is the biggest employer. It directly employs 240 people, but is considered to support another 2,300 jobs indirectly. The EU proposals, however, might threaten the future of that plant and the livelihoods of many people in my constituency.

British Sugar is the most efficient processor in Europe. It has the lowest processing costs, and might seek to use the restructuring funds offered to reorganise itself.

[Mr. Christopher Fraser]

Given lower beet supplies and smaller margins, it might seem uneconomic to have six factories. Indeed, without restructuring funds, British Sugar might witness a £90 million fall in annual income. The Government's own assessment states that British Sugar might want to close one or two of its factories. There might be opportunities in the future for processing raw sugar cane, but the likely location for those processing factories will be alongside ports and waterways and that might benefit the British Sugar plants elsewhere in the country. That puts into question sites such as Wissington.

What support will the Government provide to people who lose their jobs in the processing industry as a result of these reforms? As has already been mentioned, the future of many beet growers will be determined by whether we can stimulate a domestic bioethanol industry in this country. The new EU payments for energy crops are an important aspect of that. Payments of up to €45 a hectare would certainly help many of the sugar beet growers in my constituency. That payment, however, is limited throughout Europe to 1.5 million hectares, after which aid is reduced. Will the Minister clarify how much of that payment UK sugar beet farmers are likely to be entitled to? Will countries such as Germany and France take the lion's share? The Government have reduced the duty on bioethanol, but much more is required to stimulate demand.

The renewable transport fuels obligation will provide an enormous boost to demand for biofuels and bioethanol. There are, however, questions that need to be answered about that. When do the Government expect to make a decision on the renewable transport fuels obligation? Could the Government clarify the pilot project that is due to be introduced in 2006 on duty incentives for encouraging the use of biomass in conventional fuel? What progress have the Government made on deciding whether to use an enhanced capital allowance scheme to encourage biofuel processing plants?

It is clear that new markets for sugar need to be found. The Government should do all that they can to achieve that. Jobs are at stake, but so too are aspects of the local and wider environment, which the Government appear not yet to have considered.

10.15 am

Mr. John Greenway (Ryedale) (Con): I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on securing the debate. I confess that I did not expect an opportunity to speak this morning. If the Minister will forgive me, I must chair another meeting, which starts at about five to 11, and I may therefore have to leave just before he concludes his remarks. However, I regard the issue as so important that I am grateful for the opportunity to say a few words on it, and to support my hon. Friend the Member for Mid-Norfolk (Mr. Simpson). I am disappointed that more Labour Members are not here to debate an extremely important issue for UK agriculture and the Government's whole agriculture policy.

I recognise that the Commission's proposal in the latest draft policy is a significant improvement. I pay tribute to all those who lobbied vociferously against the original proposal, which would have applied quota cuts across the whole of EU production, when no quota cuts could possibly be justified in the United Kingdom.

It is worth bearing in mind that we have a balanced market in the UK. Roughly 50 per cent. of our sugar needs are met from our domestic sugar beet growing and producing industry, and the other half are met from cane sugar imports that honour obligations that go back generations. It is vital that, as the Government consider what to do about the EU proposals, we should bear in mind not just our farmers' interests but those of the cane sugar producing countries that will equally lose if the price of sugar collapses and the market is made up by imported sugar largely from Brazil.

We should also keep in mind the fact that there is a difference, as we have been discussing in recent days in the light of the G8 summit, between free trade and fair trade. We should keep in mind what happened in connection with coffee growers. A free trade regime was introduced about a decade ago and many third world producers' economies were decimated. I do not believe that anyone in the Government or the Commission wants that to happen with sugar.

We should equally recognise that there is a problem. The European Union agriculture industry produces 5 million tonnes of sugar a year more than we need. That is exported, with the benefit of export subsidies, and many of the exports take the form of manufactured products such as confectionery and biscuits. That is unsustainable and must change. The Commission, supported largely by representations that have been made by the industry, has devised a scheme, which it considers provides a realistic prospect of taking out the 5 million tonnes of excess production. Under the restructuring scheme, whole sugar-processing factories will be closed and growers will be compensated proportionately and appropriately.

It will be difficult, however, to ensure that the efficient industry in the UK and in other member states is maintained while inefficient production is lost. The proposed reference price of €25, which has been one of the key points of this debate, will not keep efficient UK farmers in production. I endorse entirely what has been said by my colleagues. Sugar beet growers in Ryedale, of whom there are many, say that it is simply uneconomical to grow sugar beet at a price of €25 per tonne—absolutely insane. They recognise that there must be a cut, but the price needs to be higher than that.

I hope that the Minister will take from this morning's debate the views of our growers. This debate is important because, while we recognise that the proposals are better than what we had before, they are by no means a perfect solution. Work on the reference price is absolutely vital.

I endorse what my hon. Friend the Member for Mid-Norfolk said and, from a sedentary position, I supported the views in the letter that he read out. Many similar things have been said to me by sugar beet growers in my constituency. The crop has not only provided financial stability for two or three decades during this long period of instability in UK agriculture, particularly for growers, but benefited wildlife considerably. The way that we farm our landscape ought to reflect the need for biodiversity as well as the drive for more efficiency, lower prices and greater fairness in world trade.

I have time to endorse another couple of points and to raise an issue that has not yet been mentioned. Last week on the Floor of the House, the Foreign Secretary made a statement about the outcome of the EU Council of Ministers and the obvious rows about the future of the common agricultural policy. I said that there must be mandatory decoupling of the restructuring scheme and the compensation arrangements across the whole EU. We must not have the problem that arose with the last round of CAP reform when, in particular, the French took the compensation and paid it to their farmers because of the lower price but then allowed them to continue producing at a lower price.

If the aim of the proposals is to decrease production by 5 million tonnes, the surplus must be taken out where it is being generated, and that is mainly in France. As I said to the Foreign Secretary, I do not in any way underestimate the political difficulties in doing that, given the current climate. Naturally, the French Government will take a view that is completely contrary to the one that has been expressed this morning. They will speak up for their farmers in the same way that we speak up for ours. They do not want processing plants to close down or growers to be put out of business any more than we do. However, I come back to the fact that, by and large, that is where the surplus is being generated and that is where the problem must be addressed. Therefore, there must be mandatory decoupling of the compensation.

Another issue that has been alluded to is the need to change the reference years proposed by the EU. Because of some of the past restructuring in this country, they would disadvantage our farmers.

My hon. Friend the Member for Mid-Norfolk referred to the proposal to merge the A and B quota—I shall not reiterate the point. That proposal would be very disadvantageous to our farmers, but no one has mentioned an associated issue, which is a thing called the C quota. It is proposed that none of the sugar produced under the C quota should be allowed to be exported, which prompts the question: what on earth are we going to do with it? I hope that the Government accept at least that C quota sugar exports should be allowed up to the European Union's World Trade Organisation volume ceiling, which is, I believe, just over 1.27 million tonnes. Without that, the market will destabilise further. As we saw last year when there was a drought, the amount of sugar produced can drop below that of average years. Who knows what will happen this year? The size and sugar content of the crop varies from year to year, and the system must be flexible enough to deal with that.

I hope that all these points will be taken on board by the Minister and the Government as they embark on the negotiations, which will surely be complex, detailed and difficult. I hope that our comments today will help the Minister and his colleagues in those negotiations.

Mr. Bill Olner (in the Chair): Order. If the two Front-Bench spokesmen are happy to give up a couple of minutes, I shall allow Mr. Moss to speak.

10.26 am

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): Thank you, Mr. Olner. I shall be brief. First I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on securing the debate on this issue, which is extremely important not just for his constituency, but for the majority of the farming community in East Anglia. I represent the fens of Cambridgeshire. The whole of the fens region, stretching from the Minister's constituency in north Lincolnshire down to Cambridge, is the primary beet-growing area of the country. Anything that jeopardises the successful growing of sugar beet in that region strikes at the economic hearts of farmers there.

Our farmers want to ensure that the Minister and the Government will negotiate as vigorously as possible on their behalf, and to ensure that our interests and growers' interests are paramount in their thinking. I understand that the issue must be seen in the context of the Government's overall position on CAP reform, but it makes no sense for my constituents seriously to affect the economic viability of beet growing in our region if by decimating that local growing, we encourage the decimation of rain forests in places such as Brazil to grow cane sugar. Of course, that would not even benefit local growers there, because it would be funded by foreign money—probably American bank money—and would lead to other severe problems.

I have received many letters from my growers, many of whom are in despair. Mr. Bill Burton of White Fen farm in Benwick wrote to me saying that having perused the proposals for sugar reform, he believes that British growers will get the worst possible deal all round, and that it could well signal the death-knell of our sugar beet industry. The Government must give some sort of encouragement to our farmers that they will be even-handed in their negotiations.

I have a letter from Lord Whitty that was written before the recent negotiation position—when he was the Minister for Food, Farming and Sustainable Energy—in which he replies pretty positively to questions about discrimination against UK growers. I hope that the Minister will endorse that view in his response. In the letter, Lord Whitty says:

> "We will certainly be looking for reforms which result in fair terms of competition for all concerned and give UK growers the opportunity to benefit from their relative efficiency . . . But we will seek to ensure that any necessary reductions"—

in quota—

> "are made on a rational and transparent basis consistent with our wider reform objectives."

The letter goes on to say that DEFRA commissioned independent economic research that suggested that some 20,000 people are employed throughout the industry. I dispute that figure. It is not clear whether those people are directly employed in the production of beet, or whether the figure includes everyone who works on a farm that grows the crop.

The research also found that the impact of lower prices would be offset by the ability of many growers to switch to other crops and to increase productivity in a more genuinely competitive market. I do not know where that research came from—it would be interesting to have it published—but farmers in my constituency would oppose that switch very strongly. Arable farmers are under incredible pressure, and have been for the past few years, from changes to the CAP, the price that they receive for their wheat and the strong pound. I could go on.

[Mr. Malcolm Moss]

Sugar beet is a fundamental cash crop for many arable farmers. If it is removed from the equation, arable farming as a whole will be under severe pressure. The Minister must tell us and farmers what future they have if that fundamental cash crop is taken from them. There is every sign in the present negotiated position that our farmers will be the ones who will carry the can. They believe that that is unfair.

It has been suggested that the French, who produce 150 per cent. of their sugar needs, should be the ones under closer scrutiny, but our farmers, who produce only 50 per cent. of our sugar needs, are the ones who seem to be carrying the can. It will therefore be interesting to see how the Minister answers the many questions that we put to him today. I hope that he will give some reassurance to the growers in my constituency.

10.32 am

Mr. Roger Williams (Brecon and Radnorshire) (LD): Before I begin, I remind hon. Members of my agricultural entry in the Register of Members' Interests, although there will have been substantial changes in the climate and economy when we start growing sugar beet in the area that I represent.

I place on record my admiration for the remarks made by the hon. Member for Mid-Norfolk (Mr. Simpson) and his resolute defence of the sugar beet industry in his area. Whatever the faults of the sugar regime, it should be said that the farmers who have operated under it and the processors who have processed the beet have done so most efficiently, and that the industry has become one of the most efficient sugar beet industries in Europe.

The hon. Gentleman mentioned food security, a subject that is close to my heart but one that has been unfashionable for several years. Food security is the reason why sugar beet was first established in this country. People are impatient for sugar. Indeed, they become very irritable if they do not have their sugar. It was important for this country to produce at least a certain amount of sugar, although we are still a net importer of it, unlike France and other countries in the European Union.

Food security will be of concern when political instability and climate change do not allow us to predict how much food this planet will produce in the next 10 or 20 years. Any Government will take great care to ensure that at least a certain amount of the food that this nation needs is produced here in this country by the farmers who have shown in the past that they can produce it and who will, I am sure, show that they can do so in the future.

In the past few frenetic weeks, it has seemed that one could propose any reform, renegotiation or even abolition of the agricultural policy and that it was bound to be a good thing. It would help the environment, the consumer, the third world and almost any other organisation that cared to be interested in it. Yet as soon as there is fundamental change to a particular regime, such as the sugar regime, it quickly becomes apparent that certain aspects of our life will suffer, whether it is the farmers who grow the sugar beet or the processors who process it.

Indeed, they are part of an interdependent economic unit, because without the sugar beet growers, there will be no factories, which would obviously lead to unemployment. Other interests will suffer, too, and that is certainly true of the environment. As several hon. Members have said, sugar beet is an important spring-summer crop, which contributes to the over-wintering of several important bird species.

The changes will also affect those African, Caribbean and Pacific countries that entered into the sugar obligation a long time ago. They knew that they had a ready market for their sugar in the UK and the EU and that the price was profitable. The reduction of that price puts their standard of living and their prospects of developing their industry under threat.

This is a convoluted problem. CAP reform is a complex issue, as we can see from the sugar regime, and the Minister would do well to follow through some of the consequences. The National Trust noted only last week that the profitability of its tenanted farms in the national parks was under great threat, so we could lose landscapes and biodiversity, too. The Minister must follow through the consequences of the proposed action.

I, too, am concerned that we should keep a viable sugar beet industry in this country. We have been told that a 30 per cent. price reduction could be just about bearable for British beet growers, but that depends very much on the monetary and exchange rate circumstances, and small changes in them could make sugar beet completely unviable in this country.

We need more time to ensure not only that sugar beet growers and processors in this country can adjust to the proposals, but that third-world countries—particularly those involved in the sugar protocol—can adjust to them. I therefore have a two-pronged request for the Minister; let us make sure not only that everyone agrees to the changes in the sugar regime, but that the people whose interests are bound up with those changes are taken into consideration.

10.38 am

Mr. Owen Paterson (North Shropshire) (Con): I begin by heartily congratulating my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on landing the debate. It raises a matter of enormous importance not only for East Anglia, but for the whole of British agriculture. It is also very timely, because the long negotiation process will begin next week at the Council of Agriculture Ministers. This is a critical time.

I entirely agree with my hon. Friend the Member for Ryedale (Mr. Greenway) that the price is too low; that is the most fundamental problem that we face. The issue goes back some time. My hon. Friend the Member for Mid-Norfolk is a military historian and will know that the naval blockade that resulted from our success at the battle of Trafalgar, which we celebrated last week, led Napoleon to heavily subsidise sugar beet in France.

Our message to the Government is that the UK is the good guy in this. We produce only 55 per cent. of what we consume and take the rest from the less developed countries, so we are not the problem. It is the EU that has an obvious problem because, as my hon. Friend the Member for Ryedale said, the present arrangements are unsustainable. Under the Uruguay round, the WTO

allowed Europe to export 1 million tonnes of sugar, but it has been exporting 5 million tonnes. It is not us who have been producing that surplus; it is the French, and it is they who should take the pain. As my constituent Mr. Frank, from Morton, near Oswestry, said,

"we only grow 55 per cent. of our needs of sugar, whereas countries such as France grow well over their sugar requirements—thus swamping the world market . . . Surely if there are cuts to be made, they should come from countries that are over producing."

If we are not to reduce quotas and are to depend entirely on the price mechanism, we must have a level playing field, something that my hon. Friend the Member for Mid-Norfolk mentioned.

With respect to France, what assurances can the Minister give us that in his negotiations he will consider the lack of a level playing field? Already, French farmers have significant benefits. There are soft loans; French farmers' co-operatives do not pay corporation tax; there are significant grants. Above all, they have not decoupled. It is nonsense to go through the reform if France has not decoupled and if we treat sugar as purely a food product in an open market.

I should be grateful if the Minister dealt with that point. In recent years sugar has been the only profitable crop for arable farmers. They have not made money on grain, but they have on beet. How many farmers does the Minister think will be able to make a profit at £17 a tonne, when many of my constituents tell me that £18 is the absolute minimum break-even price?

I am concerned about details of the proposal, which is better than what was presented to us originally. I agree with my hon. Friends that the price change is too drastic, and too quick. That view is even endorsed by British Sugar, which buys the material. It says that £25 for beet is unnecessarily severe to meet the EU's objectives and would risk damaging even the most efficient industries in Europe, of which we are one, of course.

One of the details that I do not understand is a production levy, which was originally charged to help exports in the event of excess. As I understand the proposal, we shall not be exporting excess. Why is there still a production levy? There is a flexibility clause allowing for a further 10 per cent. reduction in the minimum beet price. Why is that still in the proposal? Why does the Commission not give real recognition to the legitimate interests of growers? Why are they not involved in the restructuring scheme?

Mr. Henry Bellingham (North-West Norfolk) (Con): I am grateful to my hon. Friend for giving way; he is making an extremely strong case. Is he aware that in Norfolk, Cambridgeshire and Lincolnshire many of the growers are running not large farms but small farms? Many are county council smallholders in my constituency and in that of my hon. Friend the Member for North-East Cambridgeshire (Mr. Moss). They would go out of business if the proposals were to go through in the shape that we fear they might take if the Government do not listen.

Mr. Paterson: I endorse that comment, coming as I do from Shropshire, where there are also many small growers.

The point that I am making is that although the process that we are considering is inevitable—it is inevitable that the world sugar price will be approached by EU growers, and the export of the excesses is not sustainable—the move that is proposed is one huge hit. This one sudden move will cause enormous damage across British farming.

The matter of the A and B quota was mentioned. Again, I want to know why we will be hit by that. What will the Minister do in negotiations to ensure that we are not discriminated against on the price change and the jiggling with the quotas? I endorse the comment of my hon. Friend the Member for Ryedale; what will happen to the C quota production now? Where will it go?

I want quickly to discuss the fact that there are other things that one can do with sugar. What discussions has the Minister had with the monopoly processor? It is set to benefit from many of the restructuring arrangements. What is to stop it closing down production here and importing molasses or half-processed material from other countries? We know that British Sugar has invested quite heavily in Poland and is already producing 200,000 tonnes of sugar there.

Will the Minister comment on the EU animal feed regulations? Until recently, sugar beet pulp has been a profitable product. It has now become a cost to the processors and has to be cross-subsidised by sugar production. A further consequence of new regulations is that beet washings have become excessively costly to remove. What discussions has the Minister had with the Commission about that? It is another extra cost that makes processing in this country less interesting.

As to the position of the processors, I am as concerned as my hon. Friend the Member for The Wrekin (Mark Pritchard) about the future of Allscott, which is now the only plant on the western side of the country. If Allscott is not to have a role in the production of sugar and given the Government's history with Milk Marque, which was smashed up although it had only 38 per cent. of the market, in comparison to British Sugar's 100 per cent., what will the view of the Government be should farmers' co-operatives be set up with a view to taking over processing plant and possibly getting into biofuel?

It is extraordinary that the Government have not grasped the chance to get into biofuel; they would have all-party support if they did so. We do not have to eat sugar; we can do other useful things with it. The former Energy Minister Brian Wilson pointed out in an interesting recent article that Tesco is bringing in biofuel, but is transporting it in carbon-fuelled vehicles. Would it not be more sensible to produce it here, in plants that are currently producing a food product?

I am pleased to say that my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice), who is at the great Yorkshire show today, is to press the Government again for the introduction of a road transport fuel obligation. Sugar beet is part of a broader picture. I do not understand why the Government are holding back on doing something that would have very wide support, instead of pouring money into wind farms. The average 2.2 MW turbine gets about £438,000 subsidy a year, a dramatic subsidy for a system that is only 30 per cent. or so efficient. It has been done in Sweden. I am told that in Stockholm, biofuel cars are not subject to congestion charge and attract reduced vehicle excise duty and fuel duty. Such a measure would have overwhelming support, and would be a legitimate use of the beet product.

[Mr. Paterson]

If I may touch on the technology that dare not speak its name, have the Government considered the merits of planting GM beet as a fuel crop, strictly for non-human consumption? What would be the savings on inputs? Figures given in *Farmers Weekly* a couple of weeks ago showed that major savings could be made. If it were used strictly for fuel rather than for human consumption, would there be merit in it? Have the Government a view? Have they discussed the issue with the Commission?

Moving on to the environment and picking up the East Anglian connection, I think that "Turnip" Townshend, who established that a break crop is needed, came from that area. There are real benefits for the environment. The Royal Society for the Protection of Birds points out that half the world's population of pink-footed geese winter in north-west Norfolk and on the broads, and they depend on grazing the tops of sugar beet after harvest for winter food. It also mentions lapwings, skylarks and other birds.

Mr. Bill Olner (in the Chair): Order. The hon. Gentleman must give the Minister a chance to respond.

Mr. Paterson: I shall be brief. There is a clear environmental benefit in growing sugar beet. There is also a distant environmental benefit in that we would not damage rain forests such as the Cerrado, as mentioned by the RSPB.

In brief, we have a good story to tell. We do not contribute to the surplus, we have a crop that provides employment—as we heard from Allscott—and a food, which is required but which could be used in other ways. What the Minister is proposing to the Commission is too drastic and too quick. We all know where we want to get to, but he should consider the amenity benefit—people go to Norfolk to look at the birds—and the general environmental benefit. All that would be thrown away if reform were too hurried and too drastic.

10.48 am

The Minister for Climate Change and the Environment (Mr. Elliot Morley): I will do my best to respond to what has been a wide-ranging and very knowledgeable debate. The hon. Member for Mid-Norfolk (Mr. Simpson) has a great interest in the issue, and put his case very well and comprehensively. As many hon. Members have mentioned, the matter is complex and as it has arisen under the UK presidency, we want to address it and to make progress. The debate is timely because many of the issues have not yet been resolved, even within the framework of the Commission proposals, which I, like the hon. Member for Ryedale (Mr. Greenway), welcome. They are a considerable improvement on previous ones.

To pick up on what the hon. Member for Mid-Norfolk said, it is important for our growers that the Commission has moved away from compulsory quota cuts—that would disadvantage a country such as this, which is not producing a surplus of beet sugar—and towards voluntary exits, with compensation. The more efficient growers will have the greater opportunities. That is exactly what we want from the changes. Our sector is efficient, so if the regime is based on efficiency, our sector should benefit from it. That should be one of the central tenets of the reorganisation.

I agree with my hon. Friend the Member for Sherwood (Paddy Tipping), who apologised that he could not stay to the end, that there needs to be an equal approach across Europe and that there should be decoupling, as other hon. Members said. That is a sensible suggestion and the Government are sympathetic to it. The hon. Member for Mid-Norfolk said, quite fairly, that there were differences of view on the sugar regime. Although it has been beneficial to many farmers, including those in my constituency in north Lincolnshire, there has been a downside to the sugar regime, particularly on the processing side. We have heard the views of other hon. Members who represent processing areas, especially where confectionery is involved, about the impact that a world price of sugar three times the average has on processing in this country.

It is important to remember that the existing regime is estimated to cost EU consumers and taxpayers nearly £5 billion a year, less than half of which is transferred as benefits to beet growers and processors, which is one of the problems with the common agricultural policy. The result is a welfare loss to the EU economy of about £3 billion a year. In the UK, the net annual economic cost is estimated to be more than £500 million. Therefore, although I do not dispute that there are potential impacts on the sugar beet sector, as is outlined in the regulatory impact assessment by the Cambridge university study that DEFRA commissioned, there is a balance to be struck. We must try to seek that balance, taking into account the impacts on the sugar beet industry and the growers, as well as on the wider economy and our aspirations.

The hon. Member for Mid-Norfolk mentioned moving to a free market, which, as I said, will benefit our growers. He also mentioned biofuels, as did my hon. Friend the Member for Sherwood and the hon. Members for Wyre Forest (Dr. Taylor), for The Wrekin (Mark Pritchard), for South-West Norfolk (Mr. Fraser), for Ryedale (Mr. Greenway), for North-East Cambridgeshire (Mr. Moss), for Brecon and Radnorshire (Mr. Williams) and for North Shropshire (Mr. Paterson); a wide spread, which demonstrates the interest in the issue.

I am enthusiastic about biofuels. As the hon. Member for Mid-Norfolk knows, we are in a climate change review, which is considering the various methods, policy options and economic tools that we can apply in this country to achieve our target, which is a 20 per cent. reduction of CO_2 by 2010. Biofuels feature in that review. Also, the Department for Transport is conducting a detailed review on the workings of a biofuel obligation. That report will be published in the not-too-distant future, and will guide and inform the overall climate change review, which will be published in November. We take the issue seriously and are considering the options.

Even with the reforms suggested, however, the price of sugar will still be twice the world average. That is probably not helpful to our sugar beet growers serving the biofuel industry, because they will be competing with ethanol, which will be entering the country at lower prices. It is important that we should have an

infrastructure of processing and sales that will help our growers to enter that market, which I believe can be done. However, the risk of large-scale imports into this country remains, which is why I would say that, in answer to the questions about the study and the biofuels obligation, we must consider the implications. We would not want the obligation to be pitched at a level that would shut out our domestic market and allow imports to dominate. Things will be difficult enough as it is, but we want our producers to have a share of that market. That is part of the studies that are being conducted.

The hon. Member for Wyre Forest asked about the wider issue of CAP changes. He asked about planning, and we are certainly trying to address that in terms of diversification. He also mentioned problems with digital maps. We accept that there are problems and we are trying to resolve them as quickly as possible, as it is important for those applying for the new entry-level schemes.

The hon. Member for The Wrekin asked whether we were talking to British Sugar. I assure the hon. Gentleman that we have contact with the company at the highest level. He will understand that it is not for me tc say what will happen; the provision of factories and jobs are matters for British Sugar. Factory closures are not a new phenomenon in the sugar sector. Rationalisation has been going on for many years; for instance, it resulted in the loss of the factory at Brigg in my constituency. Those are commercial decisions for the company.

Mark Pritchard: I wonder whether the Minister feels that the proposals are more or less likely to lead to casualties and factory closures. If he thinks it more likely, will the sword be likely to come down on the east coast or the west coast?

Mr. Morley: As I said, that is a matter for the company, not the Government. They are commercial decisions.

The impact of reform on prices, too, is largely hypothetical. I return to the fact that reform that is open and transparent, and based on the efficiency of growers, should be in the UK's interests. That is what we want to pursue. Representations on the time scale are a matter for consideration, but the WTO has made a ruling on the sugar regime and we are under some obligation to deal with it. We want to deal with it in a way that is sustainable rather than impose a fix that might last only two or three years. If we did the latter, we would have to do it all over again; that would not be good for the industry either. It is far better that we address the issue properly.

Many hon. Members asked about compensation. It was rightly said that growers will be compensated by 60 per cent. of income. I might have misheard the hon. Member for North Shropshire, but I can tell him that the production levy will go. In some cases that can be 40 per cent. of the cost; it is a high proportion, and it will make a big difference. The proposal is that compensation will go into the single farm payments. It has not yet been decided how it will be structured, so we have the opportunity to take account of various factors. We will of course be listening to the industry and taking account of its views.

Several hon. Members, including the hon. Members for Ryedale and for North-East Cambridgeshire, spoke about Brazil. It is often said, wrongly, that the regime will not change the arrangements on tariff access for sugar from Brazil. I emphasise that the changes in the regime will not necessarily bring any more imports from Brazil, nor will they have further detrimental effects on what Brazil is doing in relation to its rain forests. The tariffs will not change.

An action plan will be put in place to assist ACP countries with the transition. However, even with the reforms, sugar will still be twice the world average price. For some countries—for instance, Swaziland has featured recently—sugar is still a big earner. There will still be opportunities for such countries. Indeed, the reforms will allow increased access for those who can take up the utilisation of other ACP countries that will be withdrawing from the scheme; that will give further opportunities.

Time does not allow me to answer all the points that were raised this morning, but I hope that I have dealt with the key issues. It is a timely debate. Much discussion and negotiation about the exact shape of the reform will take place under the EU presidency, and the knowledgeable and perfectly reasonable points that have been made will be taken into account in those negotiations.

Women and Pensions

11 am

Vera Baird (Redcar) (Lab): Since 1997 women's equality with men has improved by leaps and bounds. We have seen the introduction of the minimum wage, much improved maternity pay and longer leave, and flexible working and child care, and soon there will be a duty on public authorities to promote gender equality. That has been done in pursuit of a genuine commitment to fairness and gender equality, which is part of our Government's commitment to equalities as a whole. Those ideologically driven developments have established an economic and social matrix that is fairer and more equitable than it was. Pensions are now the last untackled gender inequality issue.

The state pension scheme is unfair to women. It treats women differently from and worse than men specifically because they are women. It is unbelievable that in the 21st century in the UK, after eight years of our own Labour Government, that highly discriminatory pension system left over from an earlier era still exists. It forces the majority of women, who constitute, of course, the majority of pensioners, to survive either on a dependency income of 60 per cent. of their husband's income, or on what they can get back if, despite the discrimination inherent in the system, they have managed to pay national insurance at some time during their lives, which are characteristically split between working and caring. The net consequence is that many women are in poverty.

It is excellent that pension credit has brought 1.3 million women pensioners out of poverty, but they were able to be brought out of poverty only because they were in it in the first place. Two thirds of pensioners are women, so we are discriminating against the majority of pensioners, because women's income in their pensionable years is two thirds that of men. One huge reason why that is so, and what I want to speak about today, is that whereas 92 per cent. of men retire with a full basic state pension, only 16 per cent. of women have a basic state pension in their own right.

That figure swells somewhat if we consider the dependency element. If a woman is widowed, she can replace her national insurance record with that of her husband. However, a woman who is divorced at the time she retires can replace her paltry NI record with her former husband's only for the years that she was married to him. A woman who is widowed and remarries loses the dependency benefit from her first husband and takes on only the NI credits of the second husband for as long as they are together. If a woman is never married, she gets nothing at all unless she managed to build up some sort of record of her own, but only 16 per cent. of women are able to do that.

That is one example of how the Beveridge system—the discriminatory system that I am talking about—has always been inequitable to women, assuming as it does a male breadwinner and female dependent carer. Entitlement is haphazardly linked to life events that are out of one's control. In today's modern society, that dependency model does not work, as the figures show. Many women are in poverty in retirement.

More women work now, but their working lives are far more complicated than those of men and the Beveridge model of a working person, which requires 44 years of unbroken full-time service—or very near to that—for a man and 39 for a woman does not fit women any better than the dependency model does. In fact, there is no model of modern pension provision in UK society that fits the patterns of women's lives. That is precisely why the current system is discriminatory.

In a recent article in *The Guardian*, Jackie Ashley stated the problem this way:

> "Women have . . . entered the labour market and are vigorously encouraged by politicians to do so. Yet they have rarely been callous enough to shrug off all their traditional caring roles, for children and elderly relatives, and so they tend to work shorter hours than men, and . . . for a mix of different employers, with catastrophic effects on their . . . pension entitlement."

These days women are carers and workers at the same time. An Equal Opportunities Commission poll earlier this year showed that four out of five people asked felt that carers should have the same state pension rights as if they had been in paid work throughout that period.

There has, of course, been an attempt to give credit to people—overwhelmingly women—who care for children. Home responsibilities protection was brought in by the late, great Barbara Castle in 1978. However, it is not a weekly credit that gives the equivalent of a stamp for every week that someone looks after a child. What it does is reduce by a year the number of years for which a person must work to qualify for a basic state pension. It works only for full years, so if someone with a child at home thinks that it is time that she tried out a job and works for a couple of weeks but does not like it, she might make NICs for those weeks, but the price is that she loses her HRP, because that works only in terms of a whole year. Similarly, if a woman goes back to work 10 months after having a baby, as people are urged to do, she might get some stamps for the couple of months left in the year for which she worked, but she does not get home responsibilities protection because she has not been not working for a whole year. The problem arises in all kinds of situations. Children often need transitional support, as when they are changing schools and so on, and women are frequently in and out of work. Often the net effect is that for many years they are theoretically covered by the credit, but in fact they are receiving little credit and paying some NICs but not enough.

If the child is ill or disabled, they need even more support and the woman's work pattern is likely to be even more fragmented. That brings me on to carers, not just of children but of older people. A quarter of women between the ages of 45 and 64 are carers and 90 per cent. of carers are women. There is something called carer's credit, but that, too, is imperfect. It works by being passported to the carer through disability living allowance, which is available only to a person who needs 35 hours of care a week. So the person being cared for gets the DLA if they need 35 hours care a week and then passports the carer through to get their carer's credit. But what if the disabled person needs 30 hours care a week, or 20 hours, or if, as is often the case, two sisters share the care of a disabled parent? What if there are two parents to care for and one woman moves between the two? What happens then is that she gets no carer's credit. If a woman does part-time caring and has a part-time job because—no matter how skilled she is—she is unable to do a full-time job because of her caring, or if she earns below the lower earnings limit, to which I will

refer in a minute, she will not make a contribution to her pension through national insurance, she will not get a credit from the state because she is below the lower earnings limit, and she will not get carer's credit, despite the fact that it is the caring that prevents her from working full-time. Indeed, it does not matter if the woman is caring part-time and doing two part-time jobs because earnings cannot be aggregated to bring earnings above the lower earnings limit. So, even though she may be working far more than 35 hours a week, she will not be able to get a contribution to her pension.

Let me explain what I have just implied about the lower earnings limit. If a person works in a job that pays below the lower earnings limit, that person is not credited with a contribution and does not pay a contribution. The real hardship arises because, first, the limit is probably set too high and, secondly, if a person is working in two jobs, the earnings from both jobs cannot be aggregated to bring their earnings over the LEL. That is a common pattern, at least in Redcar: large numbers of women work on things such as school dinners while the kids are at school and then, when their partner comes home in the evening, they go out to work in a convenience store or a pub. Those women have two jobs and also care for the children. They are very much employed full-time but it is to the peril of the accrual of their pension contributions.

Jo Swinson (East Dunbartonshire) (LD): Given that the majority of carers in Britain are women and that carers save the UK economy £57 billion a year, does the hon. and learned Lady agree that it is a grave injustice that the contribution of carers, which is as valuable as paid employment, is not adequately recognised? That lack of recognition leaves many women pensioners in poverty because they have not had the opportunity to build up their pension contributions.

Vera Baird: I am grateful for that intervention, and I wholly agree with the hon. Lady.

Getting women full basic state pensions under the current system is extremely difficult. How can it be changed so that the full pension is obtained more frequently? There is a provision that states that contributions by an individual adding up to anything less than to 10 years' worth are simply not counted. A person can contribute for nine and a half years and get no pension whatever. How can that be made better?

I suppose that home responsibilities protection could be changed to a weekly credit, so that while a woman was caring for a child aged under 16 the credit would genuinely replace the contribution through national insurance that she would be paying if she worked. I suppose that the quarter or the 10 years could be counted, given that there is no reason to leave it out—it used to be said that it was difficult to add up such small amounts and that the effort was not merited. I suppose that the LEL could be lowered. What I say to the government is: will they do all three, please? And will they do so now, without prejudicing any future plans?

Solving the carers problem is much more difficult, as the examples I have given show. What is a carer? If I give my elderly mother a Sunday lunch and a couple of suppers a week to help her out, does that make me a carer? Probably not. On the other hand, if I give her a meal every night and I take her to the hospital a couple of times a week, does that make me a carer? It is difficult to find a way of getting better credits for carers, because of the difficulty of defining a carer.

The other problem with trying to improve credits so that more women can obtain a full basic state pension is that such a change would take effect from only now on. If we changed the credits today, it would be 39 years before a woman could accrue a full basic state pension on the same basis as a man, because she would be receiving credit weekly while she was working or caring. That is a long time—a couple of generations—to wait. Between 2010 and 2020, the pension age will be increased by a further five years, so women will have to wait 44 years before those changes come into effect and give them a fair crack of the whip.

The other side of that coin is that unless we change the system, when the change to the pension age is introduced between 2010 and 2020, women will have to go on for five more years before they can draw their measly pension, and they will have the same inadequate opportunities as they have now to put one together. At the latest, we must improve women's pension rights by the time that change occurs.

If it is difficult to see how to put the credits right, if it is necessary to do so retrospectively in order to be fair so that I and the other women present can benefit, and if it is difficult to see how we can possibly do that for carers, what do we do? If we decide to credit in the men and women who are carers and the people—overwhelmingly women—who care for children, as the public think we should, who do we decide to leave out of the group who receive a basic state pension? Although I appreciate that the contributory system is well respected and highly thought of, should we get away from the contribution system as the basis of pension eligibility and instead consider some sort of universality?

I pay tribute to the pension credit for having helped 1.3 million women, but it helped them because they were poor. There are even problems with that system for women, however. First, it is means-tested, and women who have worked their whole lives, or who have been in and out of working and caring, should not need to be means-tested. Secondly, the pension credit is unfair to savers. As people know, if somebody receives a full basic state pension and has £20 a week income from other savings, they are allowed the pension credit up to £109 a week; however, they receive the pension credit from £79 of the basic state pension right up to £109, and therefore lose the benefit of their savings, because that amount is paid to them through the pension credit and they would receive the same amount even if they did not have their savings capital. In addition, there is a taper, so that all savings above the basic state pension level are kept in some proportion that tapers away but that does not happen to savings below that level. If I, a typical woman, have 70 per cent. of the basic state pension—about £50—and have the same £20 a week from some other income that I manage to scrape together despite my hardship, I will rightly and properly be paid from my £50 right up to the pension credit level, which will be welcome, but I will lose the entire benefit of my £20 savings income because the taper does not work until savings are above basic state pension level, so they just disappear. That is a final injustice.

[Vera Baird]

A further point is that people are starting to appreciate more widely that pension credit cannot go on for ever. More and more people will get it because it is, commendably, earnings linked, whereas the basic state pension and many private pension pots are not. Therefore, more people will be drawn into means-tested benefits—probably a distortion—and the way forward is likely to be seen to be some sort of shift to improve the basic state pension. However, unless the availability of the basic state pension is broadened to include the women of whom I speak, that will be of no use to them.

If the Tories had won the last election, they would have index-linked the basic state pension to get people out of pension credit, but they would not have index-linked the pension credit; they would have linked that only to the cost of living, which would have meant that women, who are far and away the major recipients of pension credit, would become poorer and poorer for want of that basic state pension. The BSP is the foundation on which to build whole retirement provision. It is the only way in which realistically to redistribute income to pensioners and is the only clear route to obtaining pension coverage for time spent out of paid employment to raise children and care for others.

The situation that I have outlined in a most skeletal, but accurate, way is what drove the last Secretary of State for Work and Pensions, my right hon. Friend the Member for Kingston upon Hull, West and Hessle (Alan Johnson), to accept that a report on women and pensions should be produced this year. He accepted that the present system is utterly incompatible with the new duty on public authorities to promote gender equality. How can these discriminatory pension structures possibly survive that? My right hon. Friend described the situation in respect of women and pensions a national disgrace. When and how will the Government rectify that national disgrace?

11.18 am

Tony Lloyd (Manchester, Central) (Lab): It is customary to congratulate the hon. Member who secures a debate on their sterling work in doing so, which I find a little absurd, but I have something more important to say, which is that my hon. and learned Friend the Member for Redcar (Vera Baird) has done us a great service by raising this important issue, because now is the right time to debate women's pensions.

My hon. and learned Friend gave a comprehensive account of an extremely technical issue. Sometimes when discussing pensions we become so frustrated by the necessary use of statistics and technical jargon that we lose sight of the real importance of the debate. The reality is simple: we are talking about poverty among older people in our society—people who by definition are not in a position to change their income structures or to establish new pension rights, and who are often unable to continue to support themselves through the normal means of work because such opportunities have disappeared as age, and sometimes health, dictate that the world of work is no longer accessible to them.

Some of the figures are frightening, such as that one in four single women pensioners now live in poverty. That is a disgrace to modern Britain and a national scandal. Women's retirement income is, in round terms, only half that of men. That is such an enormous disparity in our society that it makes even figures about the pay differential seem almost trivial—although I do not want to trivialise the gap between men and women's pay. Pensions show an enormous gap, which we need to begin to do something serious about.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does my hon. Friend agree that poverty among women pensioners is strongly linked to the inequitable treatment of women in the workplace? In full-time work women earn 82 per cent. of what men earn, and in part-time work that figure is 60 per cent. In her working life, a woman of average skills will earn £240,000 less than a typical man. That figure rises to £380,000 if she has two children during that period. Pensioner poverty starts in the workplace.

Tony Lloyd: My hon. Friend is right. In fact, he invites me to move immediately on to a subject about which I would have said a little later. In the end, one of the fundamentals of eroding the pensions differential is eroding the pay differential and making sure that future generations benefit from equal pay and proper equalisation of the opportunity to provide for pensions. As my hon. and learned Friend the Member for Redcar has already clearly pointed out, even if we do something now, it will take 40 years for the effect to be seen. We have to do something not only about the pay differential, but about existing pensions and the people who have been in the pension system throughout their working or caring lives.

My hon. and learned Friend made an interesting point about the role of women throughout their adult years. The traditional view of the role of women has changed enormously in modern society. I say with all charity to my hon. Friend the Minister for Pensions Reform that one of the difficulties of plotting out how to resolve the problem is that we are dealing with people whose lifestyles over a period of 40 years have become increasingly complicated. No longer do we have the stereotypical housewife who stays at home looking after the kids, or perhaps looking after elderly relatives, but neither do we have the brave new world of the total career woman. Neither exist. The reality in Manchester, Central, as in Redcar, is that many of my constituents have lifestyles that are much more complicated. At least one friend of mine is a double carer, who cares for two different relatives and tries to do some part-time work. She falls foul of all the rules—the lower earnings limit and the 35 hours caring threshold—because such things are not cumulative. A serious attempt to join up people's contributions in life would consider people who care but do not hit the requisite number of hours. It would acknowledge that people who work in more than one job are not untypical, particularly in the more socially deprived parts of modern Britain. If we could make some efforts in that respect, we could make a significant and material difference to the incomes, and therefore the lifestyles, of many of our fellow citizens.

My hon. and learned Friend has set out the subject well. We know the historical causes of women's pensions being significantly lower than men's—they are fairly well documented and include low pay, worse access to the labour market and occupational pension

schemes, and less time in the sort of work that earns pension entitlement. Those things will not go away. Women will not stop being carers, and although we should be trying to make real progress, we are not going to solve the pay differential or give equal access to the labour market overnight. However, it would be dishonest to say that we have to wait for those problems to resolve themselves before we deal properly with pensions. We need pragmatism and early hits in pension entitlement.

I notice that the Secretary of State for Work and Pensions has begun to discuss the matter in a speech that he is making elsewhere today. I do not want to pre-empt the Minister's speech, so I will allow him to say what the Secretary of State has said, but I applaud the fact that the Secretary of State is now taking a real interest in the matter. It is important that the subject be considered at the very top of the political system, but I urge the Government to deal with it now.

Pension equalisation is long overdue. It will take a long time to achieve it, but we must regard it as a national priority. It is a scandal that so many people who have contributed to our society for many years and who are emotionally and rationally valuable to our political systems live in poverty. We have practically abandoned them because of the incompetence of our pension regimes in the past. We must deal with the situation now. We have the opportunity to do so. The political space exists, as does the Government's interest. If we do not ensure that women and pensions are an integral part of the pension changes on which the Government are consulting, we will miss an opportunity to resolve the issue in this era and for a long time to come.

This debate is very welcome, because it shines a bright light on an area that we must bring into sharp focus in political debate. If we do not do that, we are abandoning the people in constituencies such as mine and that of my hon. and learned Friend who have never had access to the labour market and who have therefore not had access to the proper pensions that they should have.

11.27 am

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I wholeheartedly associate myself with the remarks made by my hon. and learned Friend the Member for Redcar (Vera Baird) when she introduced the debate. She set out very clearly the scale of the problem and the huge inequality in pension provision for current women pensioners, which is likely to be pretty similar for women who are now over 50 and are therefore likely to be pensioners within the next 15 years.

I shall not repeat the points made by my hon. and learned Friend, but shall instead highlight the fact that the problem will continue for women who are currently aged under 50. The Government seem to believe that, although there is a problem for current women pensioners and for women over 50, the changes occurring in the labour market will mean that the problem will gradually diminish as women gain better access to the labour market. The Department for Work and Pensions working party report of December 2002 said:

"Much of the improvement in the pension position of future female pensions will come from labour market improvements".

I do not want to downplay the effect of the changes introduced by the Government to improve equality for women. The equal pay legislation, the outlawing of discrimination against women, the increased provision for maternity leave and maternity allowance, and the whole emphasis on improving child care provision, which helps parents—notably women, but not exclusively so—have all helped women to balance their working and domestic commitments better.

All those things are incredibly important, and they are likely to mean that the gap in male and female earnings, which is still large, should improve in time. Even with all those changes, however, I do not believe that the gap between male and female earnings will be closed in the foreseeable future. That is because caring responsibilities, although they are now shared between men and women more than they were in the past, are not shared equally; nor are they ever likely to be. Caring responsibilities are the major contributor to the fact that women's earnings are less than those of men.

Women in full-time work also earn less than men. The figure that I have is 75 per cent., although my hon. and learned Friend had a higher figure. We will not argue about the precise numbers, however, because we both agree that women in full-time work earn less than men in full-time work. One contributory factor is that women who take time out to have children are disadvantaged when they return to work. They tend to have poorer promotion prospects than men because their working career is shorter and they often take time out at crucial points in their career, when their male counterparts are just beginning to mount the promotion ladder. Women who take time out therefore find it difficult to get back in again.

Another major factor in reducing women's earnings is that 45 per cent. of women in work are part-time. Notwithstanding the greater protection that part-time workers have been given, part-time working tends to reduce promotion prospects. Obviously, those who work part-time also earn less than somebody who works full-time, even if they are paid the same hourly rate.

Women are concentrated in part-time employment partly because girls are still not attaining the same level of achievement as boys and are therefore unable to access work for those who are well qualified. I hope that we shall be able to alter that over time.

Sandra Gidley (Romsey) (LD): I agree with everything that the hon. Lady says about the pay gap, but does she accept that part of the problem is that women's job pathways are different? Women tend to go into the caring professions, shop work and jobs that are less well paid, whereas men may go into manufacturing and engineering. Something needs to be done to encourage young women to enter sectors of the workplace that are not traditionally regarded as female.

Dr. Starkey: I agree. The jobs in which women are over-represented do indeed tend to be less valued and lower paid. There is a whole agenda about encouraging girls to think ahead and to take the right choices at school and post-school to enable themselves to gain well paid employment.

That is one aspect of part-time work, but there is another. It is a tremendous strain to balance caring responsibilities with a full-time job, so many women—it

[Dr. Starkey]

is largely women who do this—choose to accommodate their carer's role by taking part-time work that fits around it, thereby trapping themselves in a situation in which they earn less money.

Let me quote again from a DWP document. The Department recently conducted an analysis of women's attitudes to pensions, which shows:

"There is some evidence of a cultural shift over time. Younger . . . women . . . seemed more likely to value a degree of financial independence. They recognised that many partnerships do not endure."

Marriage breakdown is important in explaining why women often finish up with lower pensions. They rely on their male partner to provide the pension for both of them, but the relationship then breaks down, and they are left with no pension or with a very diminished one.

The document goes on to say that women feel that it is important for them to make pension provision in their own right. However, elements of traditional gender roles and financial dependency persist in the lives of many young women, particularly those who are married or who have children. It notes that

"the effects of changing values and expectations are often diluted by other factors. This tends to perpetuate the pension gap."

The DWP is therefore well aware of the fact that younger women still tend to put their caring responsibilities, or their potential caring responsibilities, ahead of making proper provision for a pension for themselves in their own right.

Tony Lloyd: Does my hon. Friend agree that our society benefits enormously when people make those choices, so that we must not create an incentive not to be carers? We need to ensure that carers are offered proper protection by the rest of society.

Dr. Starkey: I agree absolutely, and that takes me to my next point. I agree with all the suggestions that have been made about ways in which pension provision can properly recognise and compensate for the caring contribution. I want the Government to do all that has been suggested and to ensure that the system is as effective and comprehensive as possible.

Without a future Government becoming incredibly intrusive into the detail of people's lives, and women's lives in particular, it will never be possible to devise a credit system that will fully compensate for women's caring responsibilities. To take an example like the ones cited by my hon. and learned Friend the Member for Redcar, what of a woman who, for example, picks up her grandchildren from school at the end of the school day, looks after them for an hour or so and gives them their supper before their parents pick them up for the evening, and looks after parents and parents-in-law, making sure that they are safe, visiting them several times a week, and taking them to hospital or on other journeys?

That sort of caring responsibility is a mix of relatively small individual caring responsibilities, but they add up to a quite big caring responsibility. I do not see how any credit system could adequately match the flexible and changing responsibilities that that woman might have, which would have influenced her in her decision to work not full-time but part-time. That is why we should support the model for future pension provision that has been put forward by a group of organisations fronted by the Equal Opportunities Commission and including Age Concern and the TUC.

The suggestion is that there must be a common entitlement to a basic pension for every individual, regardless of household circumstances, which is not based on a contribution record through the national insurance system. Some residence qualification is obviously necessary, but over and above that the entitlement should be available to everyone regardless of circumstances. That should be backed up by a flexible state second pension that would encourage everyone to accumulate additional entitlement, with a private or occupational pension or savings. That is the model that seems to me best to match the extreme complexity and flexibility of a woman's working life.

I shall say something briefly about occupational pensions. Because women in work tend to earn less and because they have an interrupted work record, they also tend to have a much poorer occupational pension in their own right than a man does. In particular, there is a tendency for their earnings to drop more than a man's earnings as they approach retirement age; a woman's responsibility for her children tends to lessen at that time—although as a parent of adult children I note that they seem to call on one's time, and indeed finances, considerably—but other caring responsibilities, for elderly relatives, increase as a woman reaches retirement age. As a result, the proportion of women over 50 in full-time employment is smaller than the proportion of young women in that category.

Those circumstances affect contributions to women's occupational pension schemes. That is why—although I know that the suggestion is divisive and many people find it threatening—we need to move away from final salary pension schemes. Such schemes favour men, who are more likely than women to have continuous employment records and to have been promoted to higher levels by the time they near retirement. Occupational pension schemes that take into account lifetime earnings rather than just earnings as a person nears retirement are likely to be more favourable to women and need to be considered.

I, too, welcome the debate. The Government seem to be getting the message, and I look forward to receiving further good news from the Minister, and to hearing that the needs of female pensioners will be fully considered when pensions are reviewed.

11.40 am

Miss Anne Begg (Aberdeen, South) (Lab): I, too, pay tribute to my hon. and learned Friend the Member for Redcar (Vera Baird), whose wealth of knowledge on pensions is far beyond anything that I might purport to have. She has revealed the inequalities in the present pension system and shown how difficult it is for women to qualify for a full state pension. She has detailed knowledge of how unfair the credits system can be and of the difficulties faced by women with a variety of working patterns. She set out clearly, for us and for the Government, what needs to be done.

I do not think that any Labour Member is critical of the pension credit. It is an important measure that has lifted 1.3 million women out of poverty and has made a huge difference to people's lives. I am sure that, like me, hon. Members found during the general election campaign that women pensioners were delighted with what the Government had done for them. On more than one occasion, women said to me that they had never been so well off in their lives. The fact that they are feeling well off on £109 per week plus housing benefit and council tax benefit reflects how badly off they were during their working lives. None the less, the pension credit has done the business for women who had been almost completely left out of the pension system.

David Taylor: I too encountered good numbers of women during the general election campaign who said just that. However, that could be merely anecdotal evidence. Exit polls showed that, sadly, the greatest loss in our party's support was among women aged over 55. There is a discrepancy, is there not?

Miss Begg: I have not looked at the figures for my constituency, where there are many middle-class women who did not benefit from the pension credit because of the dependency model of the basic state pension—many of them were doing all right because they had inherited their husbands' contributions and were therefore better-off widows. However, in working-class areas, particularly among those living in sheltered housing complexes, most of the women felt that the Government had done a great deal for them and they came out to vote Labour with great enthusiasm. The fact that I am here is a tribute to that. I have a marginal seat and had they not done so, I would not have won it.

The debate is not about criticising what the Government have done: they had to take action in the short term if they were to fulfil their promise to end pensioner poverty, and the savings element of the pension credit has had a huge impact. The debate is about looking forward. How do we ensure, as we move through the 21st century, that the state pension system and the occupational and private pension systems are fit for their purpose? How do we begin to tackle the inequalities of the last century that my hon. and learned Friend the Member for Redcar so ably laid out?

I accept the point made by my hon. Friends the Members for Manchester, Central (Tony Lloyd) and for Milton Keynes, South-West (Dr. Starkey). The Government say that things will get better as more women work, and work longer hours—that that will somehow fill the gap and solve the problem—but it will not. Women who work do so for less pay than men and they generally work fewer hours and in lower-skilled jobs than men.

Aberdeen happens to have the largest gender pay gap in Scotland and one of the largest in the United Kingdom. In Aberdeen, women's earnings are 60 per cent. of those of their male counterparts. There are two reasons for that. First, our work is dominated by the oil industry, a high-paying industry with jobs in the offshore sector filled predominantly by men. Secondly, we have a large number of people in work—a large gender pay gap tends to coincide with high employment rates. We have high employment in Aberdeen, but women generally work in the service industries—in the caring sector and in companies that service the oil industry, often cleaning or similar work. A large gender pay gap is therefore inevitable, and when the women retire it will inevitably translate into a pensions gap.

My hon. Friend the Member for Milton Keynes, South-West said that many women have different work patterns from their male counterparts simply because that is how they choose to live their lives. We have made huge strides forward in equality and women have the chance to compete equally in the jobs market, but despite 30 or 40 years of feminism women are still under pressure. Women cannot always choose how to live their lives. They still bear the burden of the caring responsibilities, both within and outwith the home, and I doubt that that will change. If it was going to change dramatically, it would already have done so.

Jackie Ashley, whom my hon. and learned Friend the Member for Redcar quoted, pointed out the fact that although women now expect to have full-time jobs, they still have caring responsibilities. Unfortunately their male partners do not always take the equality agenda as seriously and shoulder the full burden of care and responsibility. They might pick the kids up from school from time to time or do the washing occasionally, but in most partnerships it is predominantly the woman who does those jobs. Women are trying to juggle lots of different balls to ensure that they are both earning and fulfilling those responsibilities.

We face a demographic time bomb not only in this country but across the whole western world, because people are living longer. As a result, the caring responsibilities of women are changing. Once, a woman might have cared for the children, then gone to work, and then cared for an elderly relative for a few years, but elderly relatives now live 20 years or more longer. It is interesting to note that the women who turn 60 this year are the first of the baby-boomer generation to reach retirement age. Looking forward, they can see their elderly relatives, who are now in their 80s, having difficulty accessing care from outwith the family structure. They are especially concerned about the quality of the care homes that their elderly relatives are in and they are determined that that will not happen to them, but at the same time they are looking back to their daughters, who, like them, have been caught in the trap of not being able to build up enough credits and who will be unable to build up a full entitlement to the basic state pension. Beyond that, those baby-boomer women might also be considering their grandchildren—perhaps picking them up from school and undertaking other caring responsibilities. In that way, three generations of caring fall on to one generation of women, who are reaching their 60s. That burden will not ease as more women go into work and as people, particularly women, live longer.

We have a chance to change things. The debate is timely—the Turner commission will report later this year. The Government should now consider the shape of the pensions industry, both state and private, to find the best model to take us through the next 50 years. The Beveridge model has done us well, but it was a model of its time. It was right in 1950, but is not right for 2005 and it will not be right for 2050. Society has changed, as has

[Miss Begg]

the way in which people live, particularly women, who no longer expect to be dependent on a husband, partner or other person for the whole of their lives, as may have been the case when Beveridge set up the original state pension system. We are looking for a new Beveridge model: something as imaginative and forward-reaching as that model was, which will take into account how our lives have changed.

It is important that we get away from the dependency model. My hon. and learned Friend the Member for Redcar was absolutely right about pension credits and how they could be made more flexible. With such a complex system, the question at the end of it is: who do we leave out? Today, we think that no one should be left out, which means that the only answer is that the basic state pension should be universal, but not in the way in which the citizen's pension proposed by a number of people is universal, because that proposal does not get away from the dependency model.

The Government have the chance to be much more radical and forward looking. Rather than tinker with the pension system to solve inequalities, as we have done up till now, we need to create something fundamentally different. They should certainly consider the comments of my hon. Friend the Member for Milton Keynes, South-West about building up a second pension and the universal nature of the basic state pension. It is only by being that radical and visionary that we can end once and for all the inequalities that my hon. and learned Friend the Member for Redcar so amply illustrated.

11.53 am

Sandra Gidley (Romsey) (LD): As is customary, I congratulate the hon. and learned Member for Redcar (Vera Baird) on securing the debate and on her recent promotion. I had feared that her wings would be clipped and that it was a ploy of the Government Whips, but I am delighted to see that she is in as fine form as ever. I am also delighted that the subject of women and pensions is up for discussion.

The hon. and learned Lady mentioned Jackie Ashley's excellent article, in which she writes:

"To illustrate the issue, the campaigners"—

a couple of whom are present here today—

"cite a couple, Jim and Kathy, both aged 50; he is a gas fitter and she works part-time at Debenhams and part-time in a newsagent's, as well as caring for relatives, though they have no children. As things stand: 'Jim works 40 hours a week and will be comfortable; Kathy works 60 hours a week and will be penniless. What did she do wrong?'"

That is an unanswerable question.

People are beginning to acknowledge that there are inequalities in the pension system in relation to women. The previous Secretary of State for Work and Pensions, the right hon. Member for Kingston upon Hull, West and Hessle (Alan Johnson), seemed to be aware of the problem and committed to tackling it. In some ways, I am disappointed that he has moved on. He said to the Work and Pensions Committee:

"My enthusiasm has not waned for tackling a real and substantial problem which is that women's pensions are ... a national scandal".

I hope that now that he has moved to the Department of Trade and Industry he will be able to address some of the problems mentioned today—the pay gap and the nature of women's work—which feed into the pensions problem.

Adair Turner produced a welcome chapter on women's pensions in his recent report. Although it was a sound analysis of the problem, there were disappointingly few realistic or positive suggestions on how the problems could be addressed. Perhaps we will see more in future.

The reality of the present position has been outlined by hon. Members and the facts are stark. One in five single women face poverty in retirement; many women have no occupational pension; half receive less than the full basic state pension; and, on average, for every pound received by a man in a pensioner couple, the woman receives just 34p. The Government have made welcome efforts to address the problem, but the take-up of the minimum income guarantee and pension credit is not good. Government figures show that in 2002–03 as many as 550,000 single female pensioners were below the poverty line because they did not claim the minimum income guarantee. I will return to that point later.

The reasons that women lose out have been highlighted. It is worth remembering that the pension system was designed in the 1940s, when women's lives were very different: by and large, they did not work, they did not divorce and there was an assumption that they would be looked after by a man. Life is different today, and it seems obvious that we need a different pension system to reflect that. Another problem is that child care and other caring responsibilities are not recognised by the current system. The pay gap has also been mentioned: the average woman earns £241,000 less over her lifetime than a man in an equivalent job—provided that she does not have children. If she has two children, her earnings decrease by a further £140,000. If women work, they often work in low-paid sectors, where it is not common to have access to occupational pensions. Finally, older pensioners are poorer and more likely to be female.

We have to approach the problem in two ways. First, what can be done in the short term to help women who have retired or are close to retirement to maximise their income? That is a sticking-plaster solution, however, and we need to think more about whether we have to change the system for the long term.

We have mentioned the low uptake of benefits. Quite simply, means-testing is incredibly unpopular. If we are stuck with that situation, more has to be done to encourage pensioners to take up the benefits to which they are entitled. The big problem is that they do not. I am aware that pensions advisers are spending a lot of time on the phone, ringing people up and trying to make sure that they are claiming their benefits. However, not everybody is on the phone—it is an expense that some cannot afford. Recently, local pensions advisers have been prevented from going out into the community, from talking to groups in sheltered housing schemes or other pensioner groups, and reaching other people in that way. It seems to me that although hitting the phones may be effective to an extent, the women—and men—in the greatest poverty are probably not being reached.

Miss Begg: Will the hon. Lady pay tribute to the Pension Service in Aberdeen, which has been doing as the hon. Lady suggests? Advisers have been going into communities to contact the hardest-to-reach pensioners, with some success.

Sandra Gidley: The hon. Lady has described what should be happening. I am surprised that it still happens in Aberdeen, given that the people who were doing it in Romsey have been stopped because of cuts in the DWP work force. I should be interested to know whether it is still being done, because the Romsey changes were made a few months ago and were quite unpopular with those who had to put them into practice. It might be a local decision, although I understood that it was national; perhaps the Minister can clarify that.

For the current generation of women the married woman's stamp is another problem, which has not been mentioned today. Many women say that they were unaware when they opted for it that it could significantly affect their personal pension entitlement. The Government must inform all women who pay the stamp of its implications and allow a longer period in which to pay fuller contributions so that women will have a pension in their own right.

Carers' credits have been mentioned. We can talk at length about systems of carers' credits, reducing the number of years' contributions that are required if someone is to benefit from a pension, or even reconsidering the lower earnings level. However, those are all sticking-plaster solutions that will help pensioners in the short term but will not tackle the fundamental problems. For the future we need a pension that takes account of caring responsibilities and values them. We need a pension that takes account of gaps in employment, helps to tackle the inequalities caused by women's lower pay and—keeping in mind the 1940s system—takes account of the reduced reliance on the man as provider.

During the general election the Liberal Democrats proposed a citizen's pension system. While I was listening to the hon. Member for Milton Keynes, South-West (Dr. Starkey) I realised that she was talking about something not too dissimilar to Liberal Democrat policy. A consensus seems to be growing that an entitlement to a pension in one's own right, based on residency rather than national insurance contributions, is the fairest way to go, and should be considered.

Miss Begg: I understood that the Liberal Democrats' proposal for a citizen's pension still contained a dependency element: it proposed one pension for a single person and one for a married couple. On our side of the argument we see that dependency model as the old model, which we should be getting away from.

Sandra Gidley: The hon. Lady is right about the difference between the single person's and married person's pensions, but our philosophy was to take one step at a time. Entitlement was the first step. Personally, although I cannot speak for the rest of the party, I would support something without the dependency element. If we bear in mind the fact that fewer women are now marrying and the divorce rate is higher, that may become less of a consideration over the years. Nevertheless, it is still a consideration now.

The advantages of a universal entitlement or a citizen's pension include recognition that child care and other caring responsibilities are just as valuable to society as paid work. Many of the caring behaviours that people adopt save the state significant amounts of money and it seems perverse to penalise rather than recognise people who willingly and voluntarily look after their loved ones. If the system provided a universal entitlement, there would be no need for complicated carers' credits. That would also eliminate the need for means tests, which are unpopular and degrading. Even if the citizen's pension were introduced at the age of 75, as highlighted in the Liberal Democrat manifesto, 2.8 million women would benefit.

To sum up, the 1940s system is out of date and needs reviewing. Ministers have hinted that the problem should be examined and that some sort of citizen's pension or universal entitlement is the way to go. I hope that the Minister for Pensions Reform can reassure us on that point.

12.5 pm

Mr. Nigel Waterson (Eastbourne) (Con): It is a great pleasure to take part in the debate, which is the latest in a series called by the hon. and learned Member for Redcar (Vera Baird). I congratulate her on securing this debate and the several previous ones. She has been a doughty and persuasive campaigner on women's issues, particularly women's pensions, so it must be all the more disappointing to her that the Government have made so little progress on the subject. Indeed, the Minister had better be careful, because I am not sure that I did not detect in her final comments a veiled threat to sue the Government over the apparent problems of gender discrimination inherent in the present system.

We all accept that the system was designed for a very different era. It was not some Tory plot prior to 1997 to do down women pensioners; it was, as the hon. Member for Romsey (Sandra Gidley) said, a system that was designed in and for the 1940s to accommodate the social systems that were in place at that time.

In her excellent opening speech, the hon. and learned Member for Redcar spoke to some extent about pension credit. As the hon. Member for Romsey said, there must be a high proportion of women among the 1.5 million or so people who are eligible for pension credit but who do not yet claim it. That, of course, is the great problem with a means-tested system. I think that we can all agree with the previous Secretary of State for Work and Pensions—now the Secretary of State for Trade and Industry—and many others who have said that this is one of the great untackled inequities in the pensions system. As I said, its causes are historical, but that does not make it defensible.

Like the hon. and learned Member for Redcar, I was present at the launch some time ago of a report called "One in Four", which was produced jointly by Age Concern and the Fawcett Society. The report makes clear the problems of the many women who are forced by their lack of pension provision to live in poverty. I shall not rehearse the statistics and the facts, because that has been done very ably and comprehensively already, but the report does cover several cases, including that of Christine Dunn, who is one of my constituents. She tells of how she worked for the NHS

[Mr. Nigel Waterson]

for many years, before taking a break to bring up her children. She then had all sorts of problems with her pension provision, but she is one of the many women who have worked their way out of the problem to a large extent. Aged 40, she went on to retrain as a teacher at her own expense and she has now built up an adequate second pension. She says:

"With such a measly state pension to look forward to, this has been an absolute life-saver."

It is fair to say that significant numbers of women in that situation have been able to requalify and develop their own occupational pension in later life, but far from all women—indeed, far from most women—have been able to do so.

It is interesting, if not slightly amazing, that we debated an enormous piece of pensions legislation at great length last year, but that nothing in the Pensions Act 2004 really began to tackle the issues that we are debating. That gives us an interesting take on the Government's priorities. The hon. and learned Member for Redcar referred, rightly as always, to the concession that was wrung out of Ministers in Committee for the Department to produce an annual report on women and pensions. I hope that the Minister will be able to tell us when the first of those much-foreshadowed reports will hit the streets. It is also worth recalling that it was the hon. and learned Lady's amendment, supported by my hon. Friends and me, that forced the Government to make that concession: it had not been their intention to produce such a report.

I am proud and pleased that my party went into the general election with some thought through policies on how to better the lot of women pensioners. We do not need to jettison the contributory principle to deal with the patent inequity of women's pensions. We have heard a lot about the citizen's pension or the universal pension. One of the problems with that, apart from the difficulties of making it work, let alone paying for it, is that people often talk rather glibly about it, but each of them means something different by it. I do not know what happened in Romsey, but I am pleased to say that when I explained to my constituents in Eastbourne during the election campaign that the Liberal Democrats wanted to junk the contributory principle, I found that that was not a popular policy—albeit not quite as unpopular as local income tax. It was not popular because people have an affection for the contributory principle. How often have people come to our surgeries and said, "I have paid my stamp but I cannot get this or that"? We believe that there are more targeted ways of dealing with the issue.

Had we won the election, we would now be doing four things. First, we would abolish the 10-year rule on national insurance contributions. Secondly, we would offer better pensions to those who take time out of the labour market—predominantly women, as we have said—via a much more flexible weekly credit. The present system, as all speakers have said, is inflexible and unfair. Thirdly, we would make it easier for people to buy back the years when they failed to make national insurance contributions. It is interesting that the Government's new rules on private pension saving are much more flexible than those that apply to the state pension and its entitlement. Finally, we would lower the bar for state pension rights, currently £79 a week, to give access to a state pension to people on very low earnings, such as those on £60 to £79 a week.

All those are practical, common-sense and targeted ways of dealing with the problems that have been described in this debate. We do not need to throw out the entire contributory system to tackle the unfairness.

Dr. Starkey: I accept the advantage of a weekly credit rather than the yearly version of home responsibility protection, but does the hon. Gentleman not accept that it would be impossible to make even a weekly credit respond to mixed caring responsibilities such as those that I described for my hypothetical grandmother with elderly parents? That would involve the sort of intrusiveness that I suspect the Conservative party would oppose most strongly.

Mr. Waterson: The hon. Lady is absolutely right that we are opposed to the intrusiveness of, for example, means-testing—we would like that trend to be reversed. She makes a good practical point. Whoever is in power if and when the matter is addressed will also have to address the issue of cost. I have seen it estimated that people who voluntarily care for members of their families save the Treasury up to £60 billion a year. There would have to be a definition of what constitutes caring. At least the flexibility of a weekly credit would be a step forward.

In conclusion, I would urge all interested and committed right hon. and hon. Members to sign early-day motion 544, which my colleagues and I have tabled on the issue of women's and carers' pensions. It makes many of the points that I have made today, and expresses dismay at the lack of Government commitment to dealing with the issue in the Pensions Act 2004 or subsequently. It also recognises that we do not have to lose the contributory principle in order to deal with the issue, and calls on Ministers—particularly the Minister for Pensions Reform—to consider the plight of poorer female pensioners when considering further reforms to the state and private pensions systems.

12.15 pm

The Minister for Pensions Reform (Mr. Stephen Timms): I too begin by congratulating my hon. and learned Friend the Member for Redcar (Vera Baird) on securing this debate and on the consistent way in which in recent months she has led a sustained campaign to improve pension provision for women. The campaign in Parliament has been important in building the wider concern that has been reflected in this debate, and it is playing a prominent part in the national debate to consider the kind of pensions that will be needed in future.

Women pensioners are significantly more likely than male pensioners to be living in poverty. A number of speakers have pointed out the reasons for that, which include time taken out of the labour market, conditions in the labour market, the greater incidence of part-time work among women, straightforward discrimination in conditions and more varied patterns of working. All of those provide challenges that we need to address.

This morning I met the chief executive of the Pensions Advisory Service. He told me about the women and pensions helpline set up in November and December

last year. It received 8,000 calls, and seven out of 10 of those callers were not making any private pension savings. A lot of callers had queries about the reduced rate married woman's national insurance contribution, to which the hon. Member for Romsey (Sandra Gidley) referred, and many were confused and uncertain about the value of home responsibilities protection, which my hon. and learned Friend the Member for Redcar mentioned. It is important to address all of those issues in this debate.

I shall outline action that has been taken to address some of the problems. They have certainly not been ignored, as the hon. Member for Eastbourne (Mr. Waterson) suggests—as well as the action that we want to take to make further progress.

When we came to office, our priority was to tackle the bad legacy of inequality for today's female pensioners highlighted by my hon. Friend the Member for Manchester, Central (Tony Lloyd). The introduction of pension credit has particularly helped women. I had the same experience as my hon. Friend the Member for Aberdeen, South (Miss Begg) during the general election campaign when speaking to women who had been helped substantially by the introduction of that measure. Two thirds of the recipients of pension credit—2.18 million people in all—are women. There is more work to be done to increase take-up, although that has risen dramatically in the past year as a result of the kind of initiative that my hon. Friend described. The latest estimates indicate that up to 90 per cent. of single women pensioners entitled to the guarantee element of the credit now receive it. A smaller proportion receives the savings credit, and we need to do more to further increase take-up. There is no doubt that the majority of those who stand to benefit most from pension credit are now doing so.

The hon. Member for Romsey referred to some local difficulties. I shall be happy to write to her about what is happening in her area. In my experience around the country, joint teams of Pensions Agency and local authority staff have been very active in encouraging pension credit take-up, as is happening in Aberdeen. Alongside measures such as winter fuel payments and the tax and benefits changes, the pension credit has lifted 1.3 million women pensioners out of absolute poverty since 1997. As a result of the changes, pensioner households will, on average, be £1,500 better off this year than they would have been under the 1997 system and the least well-off third will be an average of £2,000 better off. That is an achievement that we can all welcome.

We have also taken steps to tackle the underlying causes of pensioner inequality and poverty. As we heard, when the state pension system was established in the 1940s, those with caring responsibilities were inherently disadvantaged. That is why, when she was Secretary of State for Social Services, the late Barbara Castle took the initiative to introduce home responsibility protection in 1978. I note the advantages, to which my hon. and learned Friend the Member for Redcar drew attention, of a flexible credit system rather than the present inflexible form of home responsibility protection. Other Members touched on that as well. It is a point that we need to consider carefully as we look at the future shape of the system. I assure my hon. and learned Friend that a woman will not lose HRP if she does a few weeks work in a year. If she is entitled to child benefit for the full year, she will benefit from HRP if she does not otherwise have a qualifying year through contributions or credits. The difficulty with HRP is that the year in which the child is born is typically not covered by HRP. There are other inflexibilities as well.

In introducing the state second pension, we have, for the first time, given carers the ability to develop rights to a second pension in the state system. That is a significant improvement. Nearly all the 1.9 million carers being helped by the state second pension are women, as are two thirds of the 5.8 million low earners. The state second pension means that the proportion of women who accrue significant state second pension entitlement is similar to the proportion of men who do so.

We have also taken steps to help parents to balance work and family life, including the working tax credit, child tax credit and increased access to affordable and good-quality child care. Couples with children are now able to claim the 30-hour element of the working tax credit if they jointly work 30 hours or more. That makes it easier for families to share work as best suits them. It also means that women are more likely to have the option of going to work and accruing a pension than used to be the case.

As we heard, women have tended to be in lower-paid jobs than men. One of the disadvantages of that is that state pension rights may not be accrued under a threshold level of income. We have addressed that problem in two ways. First, the introduction of the national minimum wage has benefited more than 1 million people, of whom 70 per cent. are women. The Low Pay Commission estimates that that has had the biggest impact on increasing women's pay of any measure since the Equal Pay Act 1970. Secondly, the separation of the lower earnings limit from the primary threshold level means that low earners can start to accrue state pension rights at a lower income than that at which they start paying national insurance contributions. That has been an improvement.

Women are also more likely to be in part-time work than are men. The Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 (Amendment) Regulations 2002 ensure that 6 million workers, the majority of them women, are not treated less favourably than comparable full-timers in their terms and conditions, including access to occupational pension schemes. My hon. Friend the Member for Manchester, Central made an interesting point about aggregating different part-time streams of income that are earned concurrently. I imagine that that would be difficult, but it is an interesting point that we should consider to see whether we can help more people.

Tony Lloyd: My hon. Friend is trying to be helpful. Does he take on board the associated points about the needs of carers who are part-time workers in more than one job and who fall foul of the present threshold on carers' hours?

Mr. Timms: There are a range of issues relating to carers that require thought and reflection in the context of the debate. We have established the women and work

[Mr. Timms]

commission to consider how to close the gender, pay and opportunities gap within a generation. I hope that that will lead to some important proposals. Finally, we have taken action to address the issues of the flexibility and portability of pensions, in particular through stakeholder pensions. I should say to the hon. Member for Eastbourne that aspects of the Pensions Act 2004 have helped, for example by aiding portability through helping people who have been in jobs for only a short period of time to take a cash equivalent transfer value of their pension rights to another scheme.

Due both to changes in society and the measures that we have taken, improvements are being made. However, my hon. and learned Friend the Member for Redcar and the other hon. Members who have spoken in this important debate have made a strong case and I willingly acknowledge that we need to do more to ensure fair outcomes for women and carers in the future. That is why fair outcomes for women and carers is among the key principles of pension reform that we set out in February. It will certainly be one of the principal criteria in the public debate against which the Government's proposals, when they are introduced, will be measured.

In the background is the changing demographic picture. Over the past 20 years, women's life expectancy at birth has increased by about three months every year. That is a dramatic change in longevity. It is wonderful and to be celebrated, but it adds to the challenges faced by the pensions system. An ageing population with an increasing dependency ratio needs a sustainable and affordable pension system that can provide a long-term solution for everybody, not just a quick fix for pensioners today and in the immediate future. That is why we have launched the national pensions debate. As broad a consensus as possible is crucial to a long-term solution to the pensions challenge. We want to involve Members of this House from the different parties, as well as industry groups, trade unions, interest groups and the public.

The Equal Opportunities Commission wrote to my right hon. Friend the Secretary of State for Work and Pensions last month outlining the desired outcome for women and carers of any reform of the pension system. That letter was signed by my hon. and learned Friend the Member for Redcar and a wide range of organisations and individuals. We share the aspirations set out, such as better recognition of unpaid caring work.

The women and pensions report will aid the principle of assessing options against how they will provide fair outcomes for women and carers. The report was announced in response to an amendment tabled in Committee by my hon. and learned Friend during the debate on the Pensions Act last year. My right hon. Friend the Secretary of State announced this morning, when speaking to the Fabian Society, that we will publish that report later this year at an event in the national pensions debate that will focus on how to make our future pensions system work well for women.

Miss Begg: If my hon. Friend gets it right and is up to the pensions challenge, instead of talking as I was this morning of a new Beveridge, perhaps in 50 years' time our successors will be talking of a new Timms. That would certainly secure his place in history.

Mr. Timms: I am grateful to my hon. Friend. There might be other contenders for the Beveridge crown, but I will certainly have a go.

There is a lot of work, a lot of reflection and a lot of discussion on pensions at the moment. The concerns that have been raised in this debate will be among those that are most prominent in the debate that will follow the publication of the Pensions Commission report in November. I should say to the hon. Member for Romsey that, as intended, the first report was analysis; the second report, which will follow later this year, will contain proposals. Many people will want to assess those proposals against the benchmark of the concerns that have been set out in this debate and will be aired in the months ahead. My right hon. Friend the Secretary of State for Work and Pensions and I met representatives of the Equal Opportunities Commission two weeks ago, and I shall be meeting Fawcett Society representatives later this month. I am anxious to ensure that we engage effectively with a range of people who are concerned about the specific issues that have helpfully been raised today.

Regional Government

12.30 pm

Andrew George (St. Ives) (LD): I am particularly pleased to have secured the opportunity to debate the Government's policy on regional government. I am especially pleased to debate the matter with this Minister. We have experience of close team work on the football field, and I hope that today we can demonstrate that constructive team work can result in a beneficial outcome. It did so for both of us on the football field, when I laid on a number of goals for him to score for the parliamentary football team. I hope that if he were to follow my critique and analysis of where the Government's policy is going and where it should go, I might be laying the ball on for him to score some goals and improve his career prospects in the Government.

My Liberal Democrat colleagues and I strongly support the Government's proposals to devolve power, which have been successful in Scotland, Wales, London and, we hope in time, Northern Ireland. The Government know that we have given them strong support during the development of that policy. Many who were keen to promote the continuing devolution of power to the nations and the regions of the United Kingdom are concerned to ensure that despite the referendum in the north-east in November last year, this flagship policy does not fall off the radar, is not kicked into the long grass and does not become a policy that the Government would rather forget.

I intend to analyse the status of the Government's policy, to offer a critique and a constructive approach, to mention Cornwall— I would not want to let anyone down, nor surprise them—and to raise several questions. I have already furnished the Minister's office with those questions, admittedly only yesterday afternoon; however, I have given him advance notice of some of the questions I intend to ask.

With regard to the status of the Government's policy, we must look back to the Deputy Prime Minister's statement from 8 November last year. The no vote in the north-east referendum was disappointing but clearly overwhelming. I shared the disappointment of others, including the Deputy Prime Minister, at the outcome. He said that

"our ability to hold referendums based on the current soundings exercise runs out in June 2005."

In other words, there will be no more opportunities to hold further referendums, because as of the end of the last month, the soundings exercise effectively is no longer a basis for them. He also said:

"If and when, in the future, a region wants to move ahead with a referendum, the House will have plenty of notice of that event."—[*Official Report*, 8 November 2005; Vol. 426, c. 588.]

Further, in response to a question that I asked about whether the Government were giving up on devolution as a result of the no vote in the north-east, he replied that

"I am not giving up, and I hope that I do not give that impression."—[*Official Report*, 8 November 2005; Vol. 426, c. 603.]

However, the Government have shown every sign of giving up. There have been no new Government proposals to address the democratic deficit regarding the need for directly elected regional assemblies to take on the responsibilities of decision-making powers in the regions. I am a member of the Standing Committee on Regional Affairs, which is always keen to consider new subjects, but the Government need to bring such subjects forward. The Committee has not been called since last November. Despite this issue having been raised by me and others in business questions, there are no proposals for the Committee to debate the aftermath of the north-east referendum.

The Government will come unstuck if they continue to see devolution as something over which they can have absolute control and to think that they can determine the agenda completely. Fundamentally, devolution is about letting go, rather than holding on for dear life. One needs to understand why we devolve power. The problem with the Government's approach is that they want to dictate precisely what, how, where and when. What powers, organisations, structures, membership; how to proceed, resolve local issues and reorganise local government; where the boundaries should be. They want to dictate these absolutely, as well as the time scale of it all.

I offer an alternative approach, for which the Regional Assemblies (Preparations) Act 2003 could be used as a basis, in which the Government propose a menu of powers and invite regions, as defined by themselves—that would mean local authorities and community groups coming together—to propose business cases to the Government arguing for referendums to bring powers to their regions. That differs from the Government's zone approach, in which the Government decide the zones and dictate how and when bodies come together, what powers they have and when referendums are held.

If the process were one of letting go and allowing regions to define themselves and to come forward with business cases, based on the limitation of a menu of powers set out by the Government, and of recognising that the whole thing is a process, rather than a single event, I suspect that there would be a different response. Such a process would engage regions and allow them to bring forward proposals, rather than mean them responding as they did in the north-east to what they feel are entirely Government-sponsored proposals. There was quite a strong reaction against that.

It would be remiss of me not to mention Cornwall and the Isles of Scilly. I know that several city-region proposals are being worked on in other areas. Cornwall and the Isles of Scilly is seen as a region for European funding purposes; it is an objective 1 region. With a population of just over 500,000 people, it is not a large region. The Cornish constitutional convention has produced some excellent proposals and several policy documents, all of which have been circulated to the Government.

In November, the Deputy Prime Minister responded to the cynicism of the hon. Member for Tiverton and Honiton (Angela Browning) about not getting a positive response in the south-west by saying:

"if the vote . . . were held solely in Cornwall, I wonder whether she would be so confident about the result."—[*Official Report*, 8 November 2004; Vol. 426, c. 600.]

That shows his confidence that if a referendum were held in Cornwall alone, the Government would have a far better result than in the north-east.

[Andrew George]

Critics will inevitably say, "Well, you couldn't possibly have regions the size of Cornwall," but all we have to do is raise our eyes above the narrow horizon of the British Isles and look internationally at the many successful regions and nations elsewhere in the world with populations of a similar size to Cornwall's or even smaller.

Size is not the most important feature, but the Government have developed an obsession with reaching critical mass to deliver a number of services. Cross-boundary partnerships need to be established and transport networks need to be planned for. We are not talking about cutting ourselves off, but about working in partnerships and establishing joint boards. Wherever we draw the boundaries between one region and another—with transport arrangements, for example—we still need the ability to hold a dialogue with other places.

The need to establish that level of planning could be addressed and is well articulated in the plans and proposals from the Cornish constitutional convention. Not only that, but two years ago local people were invited to sign declaration sheets. More than 50,000 people signed in favour of a Cornish assembly, which represents more than 10 per cent. of the adult population in Cornwall. A small number of supporters were people who were visiting Cornwall, but the figure still represented more than 10 per cent. of the adult population.

There is a question of whether it will be possible to review the boundaries of the Government zones. I prefer to call them zones instead of regions, because the internal integrity does not really exist in the south-west, although for all I can tell it might do in the north-east. Paragraph 6.5 of the regional assemblies White Paper of 2002 says:

> "The Government has not completely ruled out in the longer term the possibility of adopting boundaries for regional assemblies that do not follow the existing boundaries."

There were proposals in that White Paper and the Government have acknowledged that in the longer term there might be opportunities. I urge the Minister in the review of policy to allow for the opportunity to consider again the integrity of the Government zones and whether the boundaries are appropriate.

I said that I had a number of questions for the Minister and they are as follows. What plans do he and the Government have following the north-east referendum to devolve power to the remainder of the UK? With the benefit of hindsight, which factors would he say primarily contributed to the heavy no vote in the north-east referendum? Does he share my critique and does he have any response to my alternative approach? What assessment has he made of suggestions at business questions and in another place to recall the Standing Committee on Regional Affairs to debate that very subject? Perhaps it should hold a series of debates to assist the Government to explore the opportunity of resurrecting plans for the devolution of powers to regions.

What departmental—in other words the ODPM—or Cabinet-level reviews have taken place on Government policy on devolution since the north-east referendum? If there have been any such meetings, will the minutes be published in the interests of open government? Why was the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) sacked as Minister with responsibility for regions in the post-general election reshuffle and what can we interpret from that? I thought that he did an excellent job and, clearly, was engaged in the process. He did not entirely agree with me on everything, but he was sincerely behind the cause itself.

No doubt the Minister and his Department are aware of the proposals for city regions and of the many papers published by the Cornish constitutional convention. What assessment has the Department made of them? What plans does it have to address the democratic deficit at regional assembly chamber level? Can he confirm that there will be no further attempts to siphon off powers to unelected regional bodies at Government level as was the case with, for example, strategic planning powers? Finally, will he agree to meet a delegation from Cornwall to discuss the emerging plans and the need for devolution of powers to a region such as Cornwall?

12.45 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): What a pleasure it is to see you, Mr. Marshall, presiding in the Chair today. I thank the hon. Member for St. Ives (Andrew George) for his kind words about my football skills and our previous experiences playing together. I am not sure that we are playing on the same team today.

I thank the hon. Gentleman for raising the question of regional government, particularly in Cornwall, and for giving me an opportunity to restate the Government's continuing commitment to decentralising and devolving power wherever we can. This Government have made radical changes since first being elected in 1997. London now has a city-wide government and a Mayor powerful enough to run a global city. The Scottish Parliament enables the people of Scotland to make key decisions without recourse to Westminster for the first time in hundreds of years. The Welsh Assembly has given the Welsh people a powerful new voice in the creation of jobs, prosperity and social justice. Each of those new bodies was voted for by the people and has since proved to be very popular.

The Government have followed a programme of devolution and decentralisation in England. For a decade or more, it has been recognised that some issues must be dealt with at a regional rather than a national level, but need to be co-ordinated over an area larger than any single local authority. The Government offices for the regions were established in 1994 when the work of three central Departments was brought together. They now do work for 10 Departments and have a programme budget of nearly £7 billion.

This Government created regional development agencies in 1998 as economic powerhouses for the regions. The English RDAs have created or safeguarded more than 160,000 jobs in the past two years alone and have played a major part in reshaping our regional economies. Following the outcome of the referendum in the north-east last November, the Government indicated that they would not proceed with the introduction of the Regional Assemblies Bill and set out why they were not proceeding with referendums in the north-west and in the Yorkshire and Humber region.

In response to the hon. Gentleman's question, it is not the Government's intention to recall the Standing Committee on Regional Affairs. We do not believe that a post-mortem would be that valuable as an exercise in furthering future policy. However, there are many challenges ahead. When the Committee meets again, it can focus on them and look forward to how improvements to the regional architecture can be achieved. Of course, it is open to Members to propose subjects for the Committee to consider, and I am sure that my right hon. Friend the Leader of the House would be prepared to consider them.

The Electoral Commission said that there should be no further electoral pilots using the new model until at least September 2005, but that in the meantime, under the legislation, our ability to hold referendums based on the sounding exercise would run out in June 2005. That would have created a long period of uncertainty for local government in the regions. My right hon. Friend the Deputy Prime Minister and the Government did not believe that that was acceptable. If and when a region wants to move ahead with a referendum, the House will be given plenty of notice of it.

In each of the eight regions outside London, there are now regional assemblies that are comprised of members from local government, business, trade unions and other representatives of the wider community. By bringing people together from across the region, such assemblies are able to provide a focal point for regional activities and to act as a voice for the region. They have an important influence on housing, planning, transport, economic development, skills and training in their region. They are involved in a range of regional strategies, so that their broad interests can help to ensure that there is consistency between them.

Andrew George: Is the Minister therefore saying that the Government would carefully consider any proposal advanced by an assembly in one of the eight Government zones to hold a referendum for a democratically elected regional assembly if it so wished, and that they might concede to it? What time scale does the Minister envisage, given his earlier remarks? Is this likely to happen within the next 12 to 24 months, or are we talking about four or five years away?

Jim Fitzpatrick: I am not sure of the exact time scale, but everything is always under review, as the hon. Gentleman knows. I shall refer later to future suggestions for devolution.

Questions have been asked about the legitimacy of the voluntary assemblies. The members are not directly elected to assemblies, but up to 70 per cent. of the membership are from the local authorities in the regions. That gives the work of the regional assemblies a measure of democratic accountability.

All the regional assemblies have been appointed as the regional planning body for their region, and are responsible for producing the regional spatial strategy, the objective of which is to contribute to the achievement of sustainable development. Each RSS provides a broad development strategy for its region for a 15 to 20-year period. Regional spatial strategies set out the strategic policies and proposals, including infrastructure proposals and management polices, that govern the future distribution of regionally or sub-regionally significant activities and development in a region.

The strategies also provide a spatial framework to inform the preparation of local development documents, local transport plans, and regional and sub-regional strategies and programmes that have a bearing on land-use activities, including air quality, education, energy and health, and on strategies to adapt to the effects of climate change. This is a two-way relationship, as the RSS should also take account of the strategies and programmes as they evolve.

We recognise that regions are actively responding to pressures where appropriate. In the south-west, for example, we have launched "The Way Ahead", under which the South West of England Development Agency, the Government office and the regional assembly will work to meet the particular needs of the region.

The advisory group has held its first meeting as a step towards refining and delivering the proposal set out in "The Way Ahead". That document was a significant step towards a regional vision for growth, and the Government will continue to work closely with the RDA and regional assembly as they continue to develop it into a coherent strategy for linking economies in the region.

The successful "The Northern Way" initiative, launched last February, is a good example of the benefits of that joint approach. The RDAs and their partners in the three northern regions are working together to create more jobs, more prosperity and greater social justice. The initiative has been warmly received, and has energised the people in the three northern regions. It is one example of how regional structures and initiatives will continue to work throughout the country for the benefit of the regions with the full support of the Government.

Andrew George: I respect what the Minister is trying to do, but he is not answering my questions. I appreciate that "The Way Ahead", "The Northern Way" and various other "ways" might well be doing their own thing for all these various quangos and unaccountable bodies to which they work, but will he say when and how there will be referendums, and how we will solve the problem of the democratic deficit in these so-called regions?

Jim Fitzpatrick: If the hon. Gentleman will allow me to continue, I hope to answer at least some, if not all, his questions later. If I miss any, I will write to him to try to address any deficit in my responses to his questions.

We have a continuing agenda of reform and modernisation. In our election manifesto, we stated our commitment to devolving

"further responsibility to existing regional bodies in relation to planning, housing, economic development and transport."

We are considering responses to consultation exercises on regional funding allocations, and to the merger of regional planning bodies and regional housing boards. We will announce our decisions once we have completed our considerations. We will decentralise and devolve power where we can.

[Jim Fitzpatrick]

We have done a lot, but as the hon. Gentleman said, more can be done. The Government recognise the unique position of Cornwall; we support the Cornish language and have taken action to assist in its continued development. Only last month, my hon. Friend the Minister for Local Government announced the level of financial support for the Cornish language.

I note that, in previous speeches, the hon. Gentleman called for Cornwall to be given more regional identity, and today he mentioned the high level of support for a Cornwall assembly. The Government have always said that, to be viable, proposals for an elected assembly must cover more than one local authority area. I realise that the people of Cornwall consider that they have a separate identity, but that alone does not justify creating an assembly for Cornwall. Cornwall already has a county council. That body covers the whole county, and it can speak on behalf of the people of Cornwall. In our view, creating another body cannot be justified.

The hon. Gentleman has called for a Cornwall development agency. I have already said that regional development agencies are the powerhouses for economic development in our regions, and the RDA for the south-west plays a full part in supporting the entire region. Introducing another body only for Cornwall would not be cost-effective.

The Government recognise the acute pressure in the south-west for affordable homes, and the region will benefit from the highest increase of all English regions in its regional housing pot up to 2007–08.

Andrew George: The Minister seems to be saying that the Government will not give people what they want, but will simply give the people of Cornwall what they want to give them. In other words, he seems to have closed his ears to the settled will of people in Cornwall. However, the Government's proposals for devolution in the north-east—they were supposed to be popular—have been overwhelmingly rejected. Should the Government not listen to the people a little more?

Jim Fitzpatrick: We are listening to the message being sent to us by the people of the north-east; they say that they are not prepared for, or willing to have, a regional assembly. My right hon. Friend the Deputy Prime Minister has said that Scotland was initially not in favour of a Scottish Parliament, but some years later the idea was passed by a majority. We are saying that Cornwall is a county; it is a separate entity and not a region, and it does not fit our plans for regional devolution. We believe that the county is adequately covered by the county council for many of the issues raised today.

The south-west housing body recommends providing considerable support in order to allow Cornwall to produce additional affordable homes as and when required.

Through our links with Europe, we have ensured that Cornwall receives support to meet the needs of Cornwall. Negotiations on the structural fund regulations commenced in September 2004, and are likely to continue into early 2006. They cannot be finalised until the overall EU budget for 2007 to 2013 has been agreed. The position is that all funds should go to the new poorer EU member states, with richer member states funding economic regeneration from domestic resources. It is too early to give any indication of how much funding the south-west, or any other region, is likely to receive for domestic or European funding.

We are aware that partners in Cornwall are thinking about priorities for future programmes, and we are pleased to hear that that is linked to wider preparations across the south-west. It is good that that work is focusing on strategic issues and drawing on good practice from the current programmes.

Our continuing agenda of reform and devolution to local government is equally important, and I assure the hon. Gentleman that it is a continuing agenda. We have been engaged in extensive consultation on the future of local government. We are devolving further powers to the Mayor of London and the Assembly, hoping that it will encourage other cities to consider that example. It would allow more decisions to be made by local communities.

Along with the modernisation and reform of local government, we have taken several steps to devolve decision making to local authorities. We have removed restrictive controls on local authority borrowing; we have given local authorities greater power to promote the well-being of their communities; and we have given them the freedom and flexibility to deliver better services.

In his statement to the House on 8 November, my hon. Friend the Deputy Prime Minister set out the reasons why we were not proceeding with further referendums to establish elected regional assemblies. That remains the situation. However, we do have an agenda of reform and modernisation. When we can, we will decentralise and devolve power.

Industrial Injuries Disablement Benefit

12.59 pm

Mr. Gordon Prentice (Pendle) (Lab): This debate is very important to my constituent Peter Lambert. It is unusual for me to bring a particular case to the Commons in this way, but Peter Lambert's case, which is interesting in its own right, perhaps illustrates failings in the system, and I am sure that the Minister will want to address them.

Who is Peter Lambert, what happened to him and what does he want? He is now 63, but when he was 52, he was assaulted. That was in 1995, when he was a schoolteacher. Today, he is in great pain and can get relief from that pain only by hanging upside down like a bat or by swimming. He swims about 40 lengths a day and tells me that the pain begins to go after 20 lengths. Clearly, that has an enormous impact on the way in which he leads his life.

Mr. Lambert cannot walk without experiencing incessant back pain and he has a disabled driver's badge to help him get about. He cannot bend, stoop or kneel without experiencing pain and he has great difficulty climbing stairs. His right leg is numb below the knee and he trips and stumbles a bit. It is also impossible for him to lift heavy weights.

He has been in severe spinal pain for a decade, since June 1995. Every day, he experiences searing, disabling pain. He now takes morphine tablets, which have been prescribed by the pain specialist at the spinal injuries unit of Hope hospital in Salford. He also wants to have an operation on his spine to make things better. His life has been completely dominated by this pain and its management. However, it is not just Mr. Lambert who suffers; his wife literally lives his pain with him.

Mr. Lambert has become part of my life, too, because he has been along to my surgery regularly. He is consumed by a burning sense of injustice. I say to him, as sympathetically as I can, "But you've got to live your life. You've got to move on from this," but he is totally fixated by the injustice of what happened. He has presented me with files thicker than the London telephone directory; one could get submerged in the most minute detail. A few months ago, he astonished me by bringing along a skeleton used by medical students to illustrate the nature of his disability; as if I did not know about it, having seen the photographs, the slides and so on. There he was, however, coming into my surgery holding a skeleton. It took my breath away.

So, how did it all begin? Mr. Lambert was teaching at Edge End high school in 1995. Two boys were fighting, and he stepped in to separate them. One of them hit him at the top of his spine, and that is when it all started. The doctors got involved, naturally. I am not going to name individual doctors or clinicians; that would be invidious and there is no need for it. However, Mr. Lambert is totally and absolutely critical of the medical establishment, the way in which it diagnosed his injury and the subsequent follow-up.

The accident, as I say, happened in 1995. In January 1996, a report from a consultant at the Royal Preston hospital stated that there was some bruising to the back and what he described as spontaneous osteomyelitis not caused by the trauma of the blow, which meant that it was just bruising to the spine.

The following month, Mr. Lambert was awarded 5 per cent. disability for soft tissue injury—the bruising that I have just described. At no stage were those considering his case aware that scans taken at the hospital showed a fracture to the vertebrae. In November 1996, the medical appeals tribunal entered the frame. Mr. Lambert could not believe what was happening to him. Astonishingly, the tribunal did not apply for the detailed medical records but took at face value the original statement by the consultant that there was just bruising to the spine, a soft tissue injury.

In early 1997, Mr. Lambert, who wanted to get to the bottom of the problem, saw the hospital records from Preston. He noted that the spine had been fractured. He appealed again, saying that the tribunal did not have all the facts and had not allowed him to speak about his condition. In December 1998, the social security commissioners entered the scene. They set aside the tribunal decision and asked the medical appeals tribunal to look at the issue again.

In June 1999, years after the assault, the medical appeals tribunal requested all the medical records. Mr. Lambert went through them and noted that various documents were missing and that there were various errors. He was told that the person who presided at the tribunal in June 1999 would not preside at the following medical appeals tribunal that December. When the tribunal met again on 13 December 1999, the person who presided was the regional chairman. Mr. Lambert was very concerned because he felt that that should not be the role of the regional chairman. The medical appeals tribunal reaffirmed the previous decision.

That takes us up to 1 March 2001. The appeal to the social security commissioner at an oral hearing was won. The commissioner wanted to get it all sorted out there and then with a meeting with the spinal surgeon and so on. I am told that the solicitor to the adjudicating medical authority advised against that and that he wanted a further tribunal. The process is endless.

In February 2002, a new schedule of evidence was received and new documents turned up. Some documents were missing and some referred to another individual. So, there were all sorts of anomalies. On 14 May 2002, there was what is known as a direction hearing, at which the chairman of the medical appeals tribunal directed Mr. Lambert to assemble a schedule of the events—documentation of what happened where and when. Mr. Lambert spent hours, days, probably weeks, assembling that documentation. It was a huge labour.

Then came the meeting that changed things. On 19 November 2002, a consultant orthopaedic surgeon gave evidence to the medical appeals tribunal that the blunt trauma, or blow, in 1995 had caused a fracture not mentioned by the consultant in January 1996. That fracture caused the osteomyelitis and the pain that I described. So, Mr. Lambert won his appeal. He was awarded a 20 per cent. disablement, but only for six months, followed by 5 per cent. for life. Such an award does not include any financial recompense. People do not get paid for awards of less than 20 per cent.

So Mr. Lambert's appeal to the social security commissioners had been successful but he got nothing out of it. Inside, he rages about the unfairness of the matter. He cannot understand some things. He alleges that medical notes were tampered with or, no pun intended, doctored.

[Mr. Gordon Prentice]

He also alleges that he saw his GP after the assault and not before. Amazingly, in the statement of reasons for the decision on 19 November 2002, which I just alluded to, we are told that Mr. Lambert

"saw his . . . GP on . . . 22 April 1995."

That was the month before the assault took place. Mr. Lambert contests that. He says that he did not see his doctor about his back pain then and that the doctor, amazingly, got his dates wrong. A general practitioner can be forgiven for getting his dates wrong on one occasion, but Mr. Lambert's general practitioner got his dates wrong on a number of occasions. That is unbelievable. When I read that, I thought, "Is it credible that a professional person such as a doctor would habitually get his dates wrong on medical notes?"

So, in essence, Mr. Lambert says that the pain that he is suffering was directly caused by the assault of the boy in 1995. The authorities have maintained for years that it was a degenerative back disease and that the assault caused only soft-tissue injury and some bruising, which explains the 5 per cent. disablement award. What a state of affairs it is that such a matter can still be rumbling on after a decade.

What does Mr. Lambert want? He wants an investigation into how the claim was handled. That is a daunting prospect, given the volume of material, the details, the medical expressions, the questions about who did what, when, and who covered up what, when and for what purpose. However, that is what he wants. He wants 30 per cent. disablement benefit, backdated to 1995. He tells me, because he is an expert in such matters, that his disablement must be the same, and is probably more, than someone losing a thumb. Apparently, one receives 30 per cent. disablement benefit if one loses a thumb. I suppose that the thumb is important to the operation of the hand.

Mr. Lambert also wants this whole business sent to the Industrial Injuries Advisory Council. I took up the matter on his behalf, and I got a letter from my colleague Baroness Hollis of Heigham, who said that the Industrial Injuries Advisory Council does not look at individual cases. It looks at epidemiological work, so there is a sort of road block.

Mr. Lambert wants someone somewhere to consider critically the doctors who sit on and advise the medical appeals tribunal. He wants people in authority to look behind the medical decisions, to hold the doctors to account, to ask questions and to challenge them. He feels that in his case that did not happen.

Mr. Lambert wants the Secretary of State to take another look at his case, as Mr. Lambert thinks that there are probably thousands of voiceless people suffering because they have been mistreated by the system and the authorities. Those people do not know each other and cannot communicate with each other, but he is convinced that what happened to him was not unique. I suppose that it was not. I have been reading the recently published report of the president of the appeals tribunal, which oversees such matters. The president says that

"medical reports under-estimate the severity of the disability and how this might be remedied."

He goes on to discuss the quality of medical reports, and how they can be tested to ensure that they accurately reflect the severity of the disability.

I am sure that Peter Lambert has been in touch personally with anyone and everyone who has a connection with this case. Some people may say that he is literally a pain in the neck. That would be a disservice, but he is persistent. He knows what he wants, and he wants answers. He got a letter from the president of the appeals tribunal, his honour Judge Michael Harris. That gave further encouragement to Mr. Lambert, because the judge said that the Secretary of State has powers to look again at what happened

"if the decision was taken in ignorance of . . . some material fact".

I am not entirely sure how the Minister will respond. This case is immensely complicated in all its details, but in its essentials it is pretty simple. It is about how medical opinions can be tested and verified, and it is about getting some expedition into the system and giving people such as Peter Lambert the justice that they think has been denied to them.

1.20 pm

The Minister for Employment and Welfare Reform (Margaret Hodge): I congratulate my hon. Friend the Member for Pendle (Mr. Prentice) on securing the debate. I am sure that when Mr. Lambert reads our proceedings, he will be grateful for the diligence with which my hon. Friend has approached the case that has arisen in his constituency.

I will confirm the position regarding the Department's medical assessment procedures, and I hope that I can answer some of the points that my hon. Friend has raised. I am aware that both he and his constituent have written to the Department and to the previous Secretary of State on these matters. I hope that it will be accepted that I cannot comment on all the individual circumstances surrounding Mr. Lambert's claim for benefit, but I will make some general points, which I hope will be helpful.

There are three main issues that Mr. Lambert wanted to raise through my hon. Friend. First, there is his belief that he should get more than the 5 per cent. assessment of disablement that he has been awarded. He makes the comparison that has been made in today's debate between the assessment of 5 per cent. disablement for his condition and the assessment of 30 per cent. for the loss of a thumb. Secondly, there is the question of whether we should have an investigation of the appeal tribunal system of the Appeals Service and of my Department's medical advisers. I believe that that relates to whether the medical assessment framework has been properly complied with. Finally, the other issue is whether osteomyeiitis should be referred to the Industrial Injuries Advisory Council.

First, let us consider the assessment of disability. The assessment is made by a fully trained medical adviser. Just to put the record straight: doctors on the tribunal are appointed by the Lord Chancellor in consultation with the Government's chief medical officer. Their training is undertaken after consultation with the chief medical officer, so I have some confidence, which understandably Mr. Lambert does not, in the quality and calibre of the people that we appoint.

The assessment of disablement for the industrial injuries disablement benefit is a functional assessment. It tests what the person can or cannot do compared with somebody of the same sex and age whose physical and medical condition is normal. It is not an assessment of the medical condition; it is an assessment of the effect that the medical condition has on a person's capacity to function normally. The reason why we have that method of assessment is that the same medical condition can have different effects on different people and, conversely, different medical conditions can have a similar effect on people's functional capacity.

The schedule that the Department uses to assess disability for the benefit involves the expression of a percentage of disablement. That is a bit awkward, but it is the way the system works. Those schedules are contained in legislation, so we operate within that legislative framework. We have a panel of experts who made the determinations on the assumption that the injury occurred in an otherwise healthy person. That is used as the basis of the assessment to look for a loss of function when compared with a normal person. So, the assessment is not about the extent of damage to, or the loss of, body tissue; it is about the effect on functional capacity.

Let us consider the example that my hon. Friend brought to us. His constituent was given an assessment of 5 per cent. because it was decided that the level of disablement from which he suffered was minimal. Both the formal examination findings and informal observations at the tribunal hearing of 19 November 2002 showed almost normal function of the back. The tribunal assessed disablement at 20 per cent. for the period of time when my hon. Friend's constituent had been in severe pain.

The decision to decrease the assessment after a short time is justified because the evidence shows that his function had returned to almost normal. The tribunal decided that, although there was some residual loss of function, which it assessed at 10 per cent., there was evidence—I understand that it is disputed, but it was the evidence before the tribunal—of pre-existing problems with the lower back; that was the reason for the assessment of 5 per cent.

In order to be assessed at 30 per cent. in connection with a spinal injury, the person would need to have a marked restriction when bending or straightening, with much-reduced other movements of the spine, such as twisting. There would also be much-reduced movement of the limbs, muscle wasting in the limbs, muscle weakness, and inability to tiptoe, bend or kneel. Those things are pretty well set out.

In the comparison with the loss of a thumb that was made in this case, the assessment of 30 per cent. that was suggested does not relate to the number of bones lost, but to the effect on the function of the hand that such a loss causes. I think that my hon. Friend understood that. The important function of the human hand is the pincer grip, which is formed between the index finger and the thumb. Thus, if the thumb is lost, a major function of the hand is lost.

In the few minutes that I have left, it is worth considering the medical assessment framework. When advising on the percentage level of assessment, the medical services medical adviser considers a list of specific injuries and the accompanying percentage disablements, as set out in the legislation. Those not only set out certain degrees of disablement for specific injuries; they are also used as a guide for assessing the effects of injuries and conditions not listed in the legislation.

The medical assessment framework is guidance, which was developed in the assessment of industrial injuries claims as one of the training aids on how to relate the effects of injuries that do not appear in the legislation to those that are set out in the legislation. I can reaffirm the explanation given by my predecessor that the medical assessment framework is for guidance only and has no legal status. It is only one small part of the material to which medical advisers have access.

Disability assessment requires widely based knowledge of what is normal or abnormal, and extensive practical experience. In addition, in the context of the industrial injuries scheme, it calls for tuition in the specific requirements of the scheme and its practical application. That is provided as verbal tuition, demonstration and coaching in the examination setting. It is practical work, which is best learned by demonstration. The medical assessment framework forms just one of the aids to which medical advisers have access. There is no obligation on appeal tribunals to comply with the framework, as the medically qualified members of the tribunals are independent of the Department for Work and Pensions, and their training is a matter for the Appeals Service.

I probably shall not have time in the couple of minutes that I have left to deal with the osteomyelitis issue and whether that should be referred in relation to becoming part of the scheme. However, I undertake to write to my hon. Friend about that aspect of the issue. I understand that his constituent remains dissatisfied with the current assessment of disability for his condition. My response will simply reiterate the position of which he has already been made aware. However, I hope that by responding today in Parliament and by writing to my hon. Friend on the remaining issue, I shall provide him with some satisfaction. If, after reviewing the report of the debate, my hon. Friend has further questions to raise, I shall write to him with a further full response.

NHS (Wales)

1.29 pm

David T.C. Davies (Monmouth) (Con): Thank you, Mr. Marshall. If it is not out of order, I should like to cut my speech slightly short, so that some of my colleagues will have time to speak in the 15 minutes that I believe are allocated to me.

In the light of what took place in London last week, let me make it clear that I very much applaud the work being done by doctors, nurses and other health service workers. As Members of Parliament, most of us will have visited our hospitals and GP clinics and will be well aware of the dedication of their staff. Let me make it clear, therefore, that the criticisms that I shall make are criticisms not of the work done by those workers, but of the system and the politicians who run it.

There is much to criticise in Wales. A report published by the Audit Commission in 2004 found that

"the whole system of health and social care is not organised to best effect."

In its summary, the report noted the following: one in four beds in Wales are being blocked; 17 per cent. of beds are being occupied by patients who should not be in the acute sector; the 40 per cent. increase in the Welsh health budget is not being used efficiently or effectively; and the NHS bodies continue to overspend, with the result that the financial deficit in the NHS has risen from £58 million to more than £100 million.

For many people, the problem starts when they want to see a GP outside normal working hours. For many months before the new GP out-of-hours service was set up, senior GPs were warning Assembly Members and, I believe, Members of Parliament, that the Assembly had not done its homework properly and that not enough doctors would be available. The Assembly Health Minister took absolutely no notice, and the resulting shambles was entirely predictable. The service certainly failed me when I needed to use it for my daughter, who fell ill on a Saturday morning and was unable to see a GP. It also failed the Assembly's Agricultural Minister, Carwyn Jones, who felt compelled publicly to speak out after no doctor was available to see his son.

Those who give up trying to see a GP out of hours are sometimes tempted to dial 999. If they do, the service that they get is not necessarily any better. According to the latest figures, only 57.5 per cent. of ambulances arrive within the target time frames. That might be partly because so many ambulance crews get tied up waiting with patients at accident and emergency units while beds are found. As the Minister will be well aware, crews cannot drop patients off until the hospital has checked them in, but with A and E units at hospitals such as the Royal Gwent running at full capacity, that can take hours. Meanwhile, more ambulances arrive, which means that fewer crews are available to deal with emergencies.

Adam Price (Carmarthen, East and Dinefwr) (PC): Does the hon. Gentleman agree that part of the underlying problem is the lack of capital expenditure in the Welsh NHS? In 2001-02 alone, total capital expenditure on health in Wales was minus £5 million—it was not even positive.

David T.C. Davies: I completely agree that capital expenditure plays a huge part in this, but we must also look at the organisation. If the system does not allow ambulance crews to go back to collecting people who make 999 calls before they have checked their current patient in, that will have a knock-on effect on the whole system.

I think that we would all agree that the greatest failure in the NHS in Wales is waiting list times, which have risen by 73 per cent. since 1999. One in 10 people in the Principality is on some form of waiting list. In September 2004, the percentage of patients on the in-patient waiting list who were waiting more than six months was 36 per cent. in Wales and just 9 per cent. in England. The percentage waiting more than 13 weeks for an out-patient appointment has been falling in England and rising in Wales.

Behind each of those grim statistics lie thousands of stories of individual patients waiting in pain. One constituent in Monmouth, whom I dealt with as an Assembly Member, was forced to sell his house to pay privately for the hip operation that he needed, because he would have had to wait many years on the NHS in Wales. Had he lived just a mile or so away, on the English side of Offa's dyke, he would have been seen in a maximum of six months, as opposed to the 18 months that was then the target in Wales.

Indeed, about two years ago, the local health board in Herefordshire was advising GPs not to recommend any of their patients to go to any Welsh hospital, because the waiting times were so bad. On virtually any measurement, the NHS is worse in Wales than in England. The fact that patients no longer have the right automatically to get treatment in England undermines the myth that our health service is a national one.

This is what others have said about the NHS in Wales. Someone commented that

"waiting lists are still unacceptably high and there is a danger that if the Assembly does not pursue reform as vigorously as it is pursued in England, the NHS in Wales will fall even further behind."—[*Official Report*, 18 November 2003; Vol. 413, c. 746.]

Someone else said:

"Improvement is badly needed, and slow in coming."

Another said that one of the

"concerns I have is the unacceptably long waiting time for orthopaedic operations".

It has also been said that

"the response of Ministers has been inadequate and complacent."

Those are the words not of Conservative politicians, but of three Welsh Labour Members of Parliament who were reluctantly forced to express views that are shared by many who have experience of the NHS in Wales. Despite all that, the Government are now considering giving the Welsh Assembly more powers in devolved areas such as health.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Is my hon. Friend aware of the comments of Dr. Tony Calland, the chairman of the Welsh council of the British Medical Association, two weeks ago? He described the NHS in Wales as being "in intensive care", and said that the interference of the Welsh Assembly Government with the implementation of the Welsh consultants' contract was "unprofessional and distinctly unhelpful". Is it not a damning indictment of the

Assembly's administration of this vital public service that our health professionals say that they have no confidence in the Assembly's role in this matter?

David T.C. Davies: It is a damning indictment. I was not aware of that quote, but I am aware of one by Roy Lilley, an independent consultant in the health sector who described the Welsh NHS as a basket case, and said:

"Wales has the longest waiting lists in Britain and a critical shortage of staff."

It is clear that the problem is deep rooted. Why, therefore, are the Government considering giving even more power to the Welsh Assembly over health? Given its performance, we should be asking whether the time has come to consider taking powers away from the Assembly, particularly in areas in which it clearly cannot deliver. Ministers and Members will know that there is a clear precedent for that, because central Government have the power to take over certain functions of local authorities—as has the Welsh Assembly—if they consistently fail to deliver. What central Government have given, they should be able to take away. The failure to do so needlessly condemns one in 10 people who live in Wales to languish in pain while they wait for operations.

If we considered taking powers away from the Assembly when it cannot deliver, there would be a huge incentive for the Assembly and its Ministers to improve their performances in areas in which they lag behind England. The Minister for Education and Lifelong Learning has presided over the closure of numerous small junior and infant schools, and is about to authorise Education and Learning Wales to use a new funding formula that will almost certainly lead to the closure of school sixth forms.

Various local authorities have been so underfunded for years that council taxes have risen. In Monmouthshire, they rose by an average of 134 per cent. before rebanding over the past five or six years. If the Ministers responsible for those actions knew that failure to reach a certain level of performance would result in their responsibilities being taken over by central Government and the loss of their ministerial pay, cars and perks, they would suddenly have a strong incentive to deliver.

I therefore urge the Minister to build clauses into the proposed legislation being proposed to the Assembly that would allow powers to be removed, just as we are considering allowing powers to be added. It should be spelt out to the First Minister that those powers will be used unless there are significant improvements in the Assembly's performance.

Adam Price: Surely, the failures that the hon. Gentleman describes—I do not disagree on them—are those of the Labour Government in Cardiff Bay rather than of democratic devolution. His party wanted to form a Government in Cardiff Bay; surely these are political issues of the failure of the Labour party.

David T.C. Davies: I fully accept the hon. Gentleman's point. I have no doubt that political decisions taken by the left-of-centre Labour party in Wales contribute greatly to the problem. However, it will be another two years until a Welsh Assembly election and many people cannot wait that long. If the Assembly cannot do a better job of fulfilling its responsibilities, it falls on central Government to remove those responsibilities, just as we would with a failing local authority in England or Wales. *[Interruption.]* I am happy to give way again if the hon. Gentleman wants. At the same time as giving away extra powers to the Assembly, the Minister needs to consider the possibility of taking powers away.

Adam Price: The hon. Gentleman is being generous, but is he saying that he has more faith in Labour in London than he has in Labour in Cardiff?

David T.C. Davies: Amazingly enough, I am saying that with regard to the NHS. The hon. Gentleman has access to the same statistics as I have and they are clear. The NHS in England is in a better situation by far than the NHS in Wales. That is not a political statement, but a statement of fact that he can verify himself. I ask the Minister the same question: does he believe that people receive a better service from the NHS in England or in Wales? Also, does he agree with Welsh Labour MPs who have openly criticised the performance of the NHS in Wales or is he prepared to say publicly that they are wrong?

For the sake of those who have had to wait hours on trolleys in A and E units, who cannot see their GP on weekends, who suffer the indignity of being assessed on a mixed-sex ward—as many still do—or who are forced to make enormous financial sacrifices, such as selling their house, to get an operation in Wales that they would get in months in England, the time has come for the Government to act. The time has come for central Government to consider making the Assembly relinquish its powers over the health service. The Assembly's management of the NHS has been a lamentable failure, as many Labour MPs would agree. The Minister should remove the powers of the Assembly to run the NHS and allow central Government to reassert its responsibilities, for the sake of all those who are on waiting lists in Wales.

1.42 pm

Mr. David Jones (Clwyd, West) (Con): The failure of the NHS in Wales can be exemplified by the experience of a constituent of mine. Mrs. June Derry is a well known town councillor in Ruthin. She is 73 years old, has worked hard all her life, paid her taxes and national insurance contributions, and over the past few years has developed leg pain. On 8 August last year, she was referred to a consultant at her local centre of excellence for orthopaedic surgery, which is the Robert Jones and Agnes Hunt orthopaedic hospital in Gobowen, which is just across the border in Shropshire. She was told that she needed a knee replacement operation. When she asked how long the surgery would take, she was told that because she came from Wales she would have to wait for 18 months. If, however, she had come from England, she would have had to wait for only 17 weeks.

Knowing that this debate was to take place, I spoke to Mrs. Derry yesterday evening. She told me that she was still awaiting that hospital treatment some 12 months later. As yet, she has received no indication of

[Mr. David Jones]

when the operation will take place, but she is in considerable and worsening pain. What is annoying her more than the pain, however, is the knowledge that if she lived just on the other side of Offa's dyke, she would have received her treatment six months ago. She made a simple point to me that the Minister could perhaps comment on. She said, "I pay my taxes and I have paid my national insurance contributions at precisely the same rate as a patient from England. Why, therefore, do I have to wait five times as long for treatment?" That is a simple question, which a lot of patients in Wales are asking. The answer, as we all know, is because of the Assembly Government's utter failure on health.

I request that the Minister telephone Cardiff after this important though short debate and speak to the First Minister and to the Health and Social Services Minister to inform them—as if they do not know already—of the strength of feeling in Wales about the failure on health. He should tell them clearly that, on health, they and the Assembly are drinking in the last-chance saloon. Frankly, it would be wrong to allow political dogma to take precedence over patient care, but that is what is happening in Wales.

1.45 pm

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): May I begin by congratulating the hon. Member for Monmouth (David T.C. Davies) on securing the debate?

The Welsh Assembly Government are committed to establishing not just an illness service, to which many Members have referred, but a true national health service that promotes and creates good health and prevents ill health at source. I welcome this opportunity to explain the Assembly's work in introducing the changes needed in the health service in Wales to meet the challenges of the 21st century.

The Assembly Government have made important progress towards building an NHS and social care services that provide high-quality care that is fashioned to meet the individual needs of patients. For example, 190,000 more people attended hospital via out-patients and accident and emergency departments in 2003–04 than in 1996–97. The hon. Gentleman will be aware of innovative developments in the delivery of health care in his constituency. For example, the operation of Chepstow hospital is unique in Wales, in that it contains both primary and secondary facilities: two GP practices are based alongside the trust's acute facilities. The hospital features highly in the Monmouthshire local health board plans for the future development of health care services in the wider pan-Gwent review of health care provision.

As in other parts of Wales, the NHS in the hon. Gentleman's constituency is being refocused on the needs of patients. This year, £4.3 billion will be spent on health in Wales, almost double what was spent the last time his party was in office. In their last year, the Tories spent £640 per person in Wales. By 2007–08, it will be more than £1,800.

David T.C. Davies: I did not dispute the increase in spending—some 40 per cent.—for the Welsh health budget. My point is that the money is not being used efficiently or effectively. Those are not my words; they are in the Audit Commission's report.

Nick Ainger: The Audit Commission also referred to innovations. It is accepted that more improvement is needed and that, in order to get improvement, there must be investment. The Welsh health service under the Tories was certainly starved of investment.

In the eight-year period from 1999, real-terms investment in health in Wales will rise by 4.8 per cent. a year. By 2007–08, it will be £5.5 billion. The budget for hospital buildings and equipment, an issue raised by the hon. Member for Carmarthen, East and Dinefwr (Adam Price), will rise from £120 million in 2004–05 to £309 million in 2007–08. I believe that that addresses the issue of capital spending.

As part of the Assembly's vision for providing better health care for the people of Wales, there will be better designed, better delivered services in key priority areas including cancer, coronary heart disease and chronic diseases. The priorities recognise the higher incidence of such diseases in Wales than elsewhere in the UK, a point that was not made by Opposition Members.

Ambitious new targets have been established to cut waiting times for cancer patients, and trusts in Wales are required to report monthly to the Assembly to ensure that the targets are met. Waiting times for cardiac surgery have also decreased. From April this year, no patient will wait longer than eight months for cardiac surgery, and the Assembly Government will ensure that, by 31 March next year, no patient waits longer than six months. Likewise, from May this year, no patient will wait longer than six months for an angiogram. By 31 March next year, the target will be four months.

One of the top priorities that the Assembly has focused on in the past 12 months is reducing long waits in Wales. An extra £32 million has been given to the NHS to help meet targets in this financial year.

Mr. David Jones: The Minister talks about reduced waiting times and waiting lists, but is not it the case that in the two months between March and May, the number of patients waiting more than 12 months for in-patient treatment increased by more than 1,100?

Nick Ainger: There might well be differences month on month, but the overall trend in Wales, as in England, is that waiting times are falling for patients. That is the important point.

The key manifesto commitment for the Assembly Government is that they will ensure that, by 2009, no one will wait more than 26 weeks from GP referral to treatment. To ensure progress towards that target, they have pledged that, by 2007, no one will wait more than 39 weeks.

Adam Price: In the 2001 general election manifesto, Labour promised to build 10 new hospitals in Wales by 2010. How much closer are we to that target?

Nick Ainger: Ten hospitals are being built or are planned. The capital budget has almost tripled in three years, and a significant part of it will be spent on constructing and completing those hospitals. Two hospitals are under construction in my constituency.

David T.C. Davies *rose—*

Nick Ainger: I have already given way quite generously and time is pressing.

The Assembly Government have rightly recognised that waiting times are a serious public concern. Just as in England, the Assembly Government are making important progress towards reducing waiting times. Indeed, the latest data show that half the patients admitted to hospital for an operation from a waiting list had waited only 11 weeks or less.

Last year, in-patient and day-case waits of more than 18 months were cut by more than 1,300, and waits of more than 12 months were cut by almost 8,000. That shows the progress that has been made as a result of investment.

Last year, out-patient waits of more than 18 months were cut by more than 7,000, and waits of more than 12 months reduced by almost 10,000. In the last month alone, out-patient waits of more than 18 months have reduced by 27, and waits of more than 12 months have reduced by 220. Almost 90 per cent. of accident and emergency patients are seen in under four hours.

At the end of the day, addressing waiting times and improving the health service are down to increasing the number of staff, buildings and equipment. There are more than 450 more consultants and more than 7,000 more qualified nurses in Wales than there were in 1997.

By 2010, the Assembly plans to have 525 more consultants and 175 more GPs, 6,000 extra nurses and 2,000 extra other health professionals. The Assembly has doubled the annual medical intake since 1998, and has almost 1,000 senior doctors in training for consultant posts. In addition, the total number of nurse training places commissioned in Wales increased from 3,261 in 2000–02 to 3,750 this year.

The Assembly is moving towards abolishing prescription charges by 2007, a measure that is clearly benefiting Mrs. Derry, the constituent mentioned by the hon. Member for Clwyd, West (Mr. Jones), although I accept that the problem of waiting times for patients who seek treatment and are referred to hospitals in England needs to be addressed. It is, to say the least, unfair to treat differently patients who are referred to hospitals outside Wales through the traditional commissioning process. That is an equity issue, which the Assembly will have to address.

The Assembly also aims to make NHS provision attractive for dentists. The hon. Member for Monmouth did not make that point, but it is worth making, because the hon. Member for Carmarthen, East and Dinefwr and I have similar problems in our constituencies. More investment needs to be made. The Assembly is handling the issue innovatively. As well as implementing dental initiatives, it is investing more money to ensure that more dentists are attracted to carry out NHS work.

The reforms being introduced by the Assembly Government are in marked contrast to what happened when the party of the hon. Member for Monmouth was in power. Seventy hospitals closed in Wales under the Tories.

David T.C. Davies: The Minister should be well aware—it is accepted in the Assembly—that that figure is completely misleading. Some of those hospitals closed, some were reopened and new ones were built. He spoke earlier of 10 new hospitals in Wales. Did he mean 10 hospitals in addition to those built under the Tories? Does he not accept that some hospitals will be closed during the next few years, or have their A and E units taken away in order to make way for new hospitals?

Nick Ainger: The advice that I am given is that 70 hospitals closed between 1979 and 1997. That is a fact. One of the problems inherited by the Labour Government in 1997 was the lack of capacity—in buildings and in staff. Prescription charges increased eightfold under the Tories, whereas under Labour they are being phased out altogether.

I remind the hon. Gentleman that not so long ago we had a general election, and the Conservatives did not address the fundamental issues that any party would face if it were serious about forming a Government: how to address the problem of capacity and how to recruit staff. All that they could come up with was the expensive and wasteful health vouchers, which would have taken £1 billion a year out of the NHS to subsidise private health care. That policy would benefit those who could afford private care at the expense of the many who cannot afford it.

Devolution brings government closer to citizens, and it gives the people of Wales greater freedom to develop policies to meet their needs. Wales was the birthplace of the NHS; under devolution, Wales now has a real opportunity to take control over its own health. Devolution is about approaching priorities in a way that best suits local needs. One size does not fit all.

The health needs of the people of Wales are not the same as those of the people of England. For example, one third of all adults in Wales—800,000 people—have at least one chronic condition; and 23 per cent. of people in Wales suffer a limiting long-term condition against only 18 per cent. in England. In some areas, the problem is worse. For example, 30 per cent. of people in Merthyr Tydfil suffer such a condition. Of people aged over 65 in Wales, 34 per cent. suffer arthritis, 21 per cent. have a respiratory illness and 30 per cent. have a heart condition. The incidence of cancer among Welsh men is 10 per cent. higher than in England.

Adam Price: If that is true, why is health expenditure per head lower in Wales than in the north-east of England?

Nick Ainger: That is a decision for the Assembly. I know that the hon. Gentleman and his party have been trying to claim that it is the result of Treasury decisions made in Westminster but, under devolution, the Assembly decides how to spend the money. I have given the hon. Gentleman the figures, which show substantial

[Nick Ainger]

increases, including a tripling in three years of capital expenditure. Other expenditure, too, is way above inflation. The hon. Gentleman spoke of one region of England; Wales is spending far more per head than England, but finances in England are now being targeted towards regions with health problems. No one can get away with claiming that investment in Wales is not substantially above the rate of inflation.

The hon. Member for Monmouth claims that his solution would, in effect, take responsibility for health away from the National Assembly. I do not think that his party leader in the Assembly agrees with that policy, nor does his health spokesman, Jonathan Morgan. The hon. Gentleman proposes the complete removal of health care from the Assembly. That shows his failure to come to terms with devolution. It would not be possible to achieve it under the Government of Wales Act 1998, as functions exercised by the Assembly can be transferred back to central Government only with the Assembly's consent. The hon. Gentleman may be a member of the National Assembly, but I do not believe that he speaks for the majority of his colleagues.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 13 July 2005

[DAVID TAYLOR *in the Chair*]

Government Support (Veterans)

Motion made, and Question proposed, That the sitting be now adjourned.—[*Mr. Dhanda.*]

9.30 am

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I am pleased to have secured the debate, following on as it does from veterans' awareness week and last Sunday's world war two national commemoration day. Recently, we held a similar event in Ayrshire, which was organised by the three Ayrshire councils and the lord lieutenant. More than 100 veterans from the second world war took part in a service and recounted memories of their comrades at home and abroad. However, some local women who had taken part in it made it clear to me that they considered that women's contribution to the war effort had never been given the recognition that it deserved. I know that they will be delighted that Her Majesty the Queen has unveiled a memorial to commemorate the 7 million women who worked for victory in the second world war in both the armed forces and on the home front.

I believe that, to date, only one debate on the Floor of the House, in June 2004, was dedicated exclusively to veterans' issues. It is a little disappointing that such a debate has not become an annual event. Although there are opportunities in defence debates to raise veterans' matters, such as the one that was held last week, does the Minister agree that a specific debate held in Government time would help to raise the profile of veterans' awareness week and highlight further some of the excellent work that is undoubtedly going on, as well as providing a platform for hon. Members to raise concerns on behalf of their constituents who are veterans? Moreover, members of our communities are concerned about how society treats our veterans.

I wish to make it clear that I am no expert on defence matters. In common with many hon. Members, I do not have personal experience of the armed forces. That is why I am grateful to have had the opportunity of taking part in the armed forces parliamentary scheme and completing 22 days with the Royal Marines. I pay tribute to Sir Neil Thorne and all who made the scheme possible. It afforded me the chance to learn at first hand about the armed forces that I would never otherwise have had. As I said, such an experience does not make me an expert, but it gave me an opportunity to hear from the real experts on both a formal and informal basis. It opened my eyes to many issues in respect of the armed forces, which are for another debate.

I wish to draw attention to some relevant points that I learned during my time with the Royal Marines. If we do not treat them fairly today, we cannot expect serving members of our armed forces to have confidence that they will be treated well when they become the veterans of tomorrow. Much work has been done, for example, in tackling homelessness among ex-servicemen, and that is important for those who are vulnerable. However, as Ministers have stated on many occasions, most people settle well when they leave the armed forces. There is the possibility for them to leave the armed forces enhanced by skills and experience and to develop their potential in the wider community, but I was informed by some marines that they could not afford to get on the property ladder because they were not paid enough.

I am acting as an unofficial shop steward on behalf of the Royal Marines. Perhaps we should seriously consider introducing a trade union to the armed forces. I saw at first hand the job that members of the armed forces do and the contribution that they make, for which they should be appropriately rewarded. The Ministry of Defence is modernising the service to increase the opportunities for serving personnel to put down roots and extend the time that they can spend with their families. We need to encourage recruitment and retention, but getting on the property ladder is surely part of the preparation for civilian life. I do not suggest that young members of the armed forces are unique in that regard, but I ask the Minister to consider it as a serious issue.

My second point follows on from that. Preparation for civilian life should be part of the process from the beginning and not an afterthought when the end is in sight. I know that efforts are being made to ease the transition from military to civilian life, and I would be grateful if the Minister provided an update on what is being done to assist serving personnel to plan for the future.

I am indebted to the armed forces parliamentary scheme, but also to the Veterans Agency, the Royal British Legion and particularly Combat Stress for the information and advice that they have made available in their work and campaigns. The situation for veterans today is very different from that of the past. However, that does not mean that everything is rosy. I refer, for example, to an article by Dr. Niall Barr in the first issue of the Royal British Legion magazine, "Forward". It provides an historical perspective on how veterans have been neglected by the state in the past and on how the legion was formed in 1921 to form a veterans' movement, which, as we know, continues today.

Although people do not leave the services now as part of a great wave of demobilisations as in 1918 or 1945, a return to civilian life can be difficult for some people today. They may not leave the services destitute, but they leave as individuals and face loneliness, a lack of support and often a lack of public empathy. Thanks to the efforts of its servicemen and women, British society is insulated from the demands and human costs of war and there remains little real understanding of what they have experienced on operations. Unfortunately, last week we saw a measure of how bad that can be. Let us hope that we never see a repeat of it.

I shall concentrate most of my remarks on ex-service personnel who suffer from mental health problems, what is being done for them, where gaps need to be filled, the contribution made by Combat Stress—the ex-services mental health society—and especially Hollybush house, newly in my constituency. It was formerly in the constituency of my former colleague, the Member for Carrick, Cumnock and Doon Valley, who has gone to the other place as Lord Foulkes of Cumnock. I am indebted to him; he was very committed to the work of Hollybush

[Sandra Osborne]

house. He invited the former Minister with responsibilities for veterans, Ivor Caplin, to visit the house, and I was delighted to be present on that occasion. The Minister was impressed by the work being done there.

I summarily extend an invitation to the current Minister with responsibilities for veterans to visit Hollybush house to see the work that is being done there. I am sure that he would enjoy his visit to Scotland, and I know that the people there would be happy to welcome him.

I should like to recognise the progress that has been made since the appointment of the first Minister with responsibility for veterans. In preparing for this debate, I was struck by the amount of intensive strategic work going on in this area, which appears to differ substantially from the somewhat piecemeal approach adopted by Governments in the past. Previously, problems were addressed as they developed, but the Government are taking a more structured approach and are basing policy—and, ultimately, resources and action—on evidence of real and measured needs. In the past, services for veterans have been delivered by a variety of Government and voluntary sector organisations, often working in isolation. Increasingly, social services are delivered on a cross-Government basis or through partnership between the Government and private or voluntary sectors. It is that partnership that I want to explore more fully this morning.

I question whether we fully support veterans with mental health illness, but there is no question that at least there is a coherent plan, and mechanisms to measure success or failure, what is or is not working. I am sure that that will be widely welcomed throughout the House, but the difficulty is that it will not necessarily convince our veterans who want practical proposals. They are not overly impressed by phrases such as "coherent strategies" or "partnership working"—I suspect that they would have used other expressions in their serving days—that may appear to be nothing more than bureaucratic window dressing to someone who cannot access the treatment that they need.

I would not dare to speak for ex-service organisations, but I can speak from my experience of working with a voluntary organisation that supported women who had been abused and who suffered from post-traumatic stress disorder as a result of experiences that were somewhat different from those of veterans. It is always pleasing when a Government, who have the power to take on board the concerns that an organisation has campaigned on with little recognition for many years, start to take the issue seriously, but it is always done on the Government's terms. It can be difficult for the organisation to comply with consultations on strategies while it struggles to provide a service at the coalface with scarce resources.

Partnership between the Government and the voluntary sector must therefore recognise the authentic experience and the campaigning roles of the veteran's organisations. It is necessary to ensure that jointly funded work does not detract from the Government's responsibility to provide state support for veterans or impinge on the charities' independence. That is a fine balance. I hope that the Minister will inform us that it is being achieved through the Veterans Forum and its various working groups.

I would also be grateful if the Minister could outline how the Government are putting their money where their mouth is. We all applaud the sterling fundraising efforts of ex-service organisations and the support that they get from the public, but what is the role of public money in supporting veterans? How does our contribution to supporting veterans compare with that of other countries? It is often said that a country can be judged by how it treats its veterans. My right hon. Friend the Secretary of State said that last week's events would give the country an opportunity to thank a generation that made so many sacrifices for freedom. However, that generation was not particularly well treated at the time. What of the generations that have come after it and future generations?

Mr. David Marshall (Glasgow, East) (Lab): I congratulate my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) on securing this important debate. I have recently dealt with several cases of the type to which she refers, and I shall be grateful to the Minister for what I am sure will be a helpful response. Does my hon. Friend agree that stress and mental health problems may not manifest themselves immediately or even early on in a person's service career—they may not become apparent until many years have passed—and that they could result not only from having served in areas of conflict but from having been subjected to stress by superior officers, from having been treated as a guinea pig and given inoculations without proper explanation or from having served in nuclear test areas? It is only when people reach the later stages of their life that such events begin to prey on their mind and cause them the mental health and stress to which my hon. Friend refers.

Sandra Osborne: I entirely agree with everything that my hon. Friend said. A well-known feature of post-traumatic stress disorder is that it can affect people many years after the event, even though they were not necessarily aware of a problem at the time. There are a number of contentious issues about how people end up with mental health illnesses following their service. They have been ongoing for many years.

I turn to my main concern, which is to raise specific issues relating to mental health problems associated with combat. Thousands of British veterans still struggle with the horrific psychological effects of combat. Many of those brave veterans face a daily struggle against nightmares, flashbacks, depression and anxiety. That is the brutal legacy of combat experience. As the organisation solely dedicated to helping the veterans recover from their injuries, the society—Combat Stress—provides intensive therapy at three treatment centres. One is in Surrey, one is in Shropshire and the other is Hollybush house in Ayrshire, which is in my constituency.

Hollybush House is vital to Scottish and Irish veterans. It is the only specialist service providing for the psychologically wounded in Scotland. It provides a unique safe environment where experienced staff can use the veteran peer group to help break down the mental barriers associated with post-traumatic stress disorder

and other conditions. They can engage the veterans in therapy much more quickly and much more effectively than outpatient national health service appointments can do.

Research by Professor Simon Wesley and the current review of the society by the health and social care advisory service show that the NHS is not well equipped to understand the experiences of those veterans who have the mental health problems of combat-related psychological injury. Interim suggestions for policy have come out of Professor Wesley's King's college scoping study, which was commissioned by the MOD to examine key areas of need not already being met. They included the idea that for people who have left the services, joint work with the Department of Health for enhanced provision of service-related mental health problems was required. Such provision should be in a setting sensitive to veterans' unique needs. I would suggest that Combat Stress and its various treatment centres provide such a setting.

Ex-services people feel disfranchised and have often been fobbed off or pushed from pillar to post when trying to access health services. The reality is that most clients referred to Combat Stress have already done the rounds and have not been helped in the existing NHS system. Their condition is often chronic. They are often unemployed, may have housing problems related to the breakdown of relationships, are dependent on the state benefits system and have not uncommonly left a partner and children in similar circumstances.

It appears that many other countries recognise the fact that to achieve positive outcomes with that client group, a dedicated service is required for them. Hence their Governments also fund them. For example, Australia, New Zealand, Canada and the United States have a different system, where veterans' organisations and hospitals are funded by the Government. In this country, some time ago, money was transferred to the NHS when service hospitals closed in the belief that it would provide services to veterans. It has been left to the ex-services organisations to pick up the pieces.

I do not say that we should lose the partnership approach that we have, or the valuable experience of our long-standing ex-services organisations, but if they are spending most of their time worrying about funding, that affects their ability to provide the service and they cannot expand it, either to accept higher numbers of referrals or to respond to real and measured needs, to use the MOD phraseology.

Many people seem to think that an ex-services mental welfare society will be dealing only with veterans of the two world wars. They tend to see images of shell shock, images from the past. Those are important images but they do not necessarily relate to today's younger veterans.

The society is picking up an unprecedented number of new cases: it had 900 last year and put 500 on its books. The damage caused to veterans frequently requires long-term treatment and is getting more and more complex because of societal changes and the different active engagements of troops. However, many clients are now referred earlier to Hollybush house. Those are the clients most likely to achieve positive outcomes, but they are also the very people for whom funding is not available.

The aims of treatment for these clients should be to provide curative treatment that will enable them to deal with the effects of their symptoms to a degree that allows them to live a more normal life, form relationships and join the work force. However, that cannot be offered, because although Combat Stress has the expertise, it does not have the funding to allow it to provide the level of input necessary to achieve those outcomes. There is a big vacuum at the moment, as it cannot do the outreach work that would complement the work of community mental health teams in the national health service.

As I said, referral rates are rising, and it is logical to expect further increases as a result of the conflict in Iraq. As the Minister knows, the Territorial Army, and reserves in general, were used quite extensively in Iraq, and more TA soldiers are asking Combat Stress for help than has been the case in any other conflict. I have been informed that the issue is causing concern to not only clinicians in Combat Stress but the Army Families Federation and community psychiatric nurses working for the Army. There seems to be a shortfall in help for TA service personnel with psychological problems on return home. As the Minister knows, regular soldiers must attend a compulsory decompression process on return from active duty. They also return to the support of barracks and continued help, if necessary, from the defence psychiatric services.

The TA soldier has the option of the decompression process, but quite naturally most opt to get home as soon as possible, where they immediately become the responsibility of the NHS and the victim of long waiting lists and are dealt with by staff with little or no experience of combat-related psychological problems. It is feared that the current increased referral rate from the TA may be only the tip of the iceberg and that there may be a substantial increase in demand for support from reserve veterans in future. I would be grateful for the Minister's comments on that.

In April 2004, Combat Stress organised an appeal under the direction of Sir Clive Fairweather to upgrade Hollybush house to meet the statutory requirements laid out in the Regulation of Care (Scotland) Act 2001, which comes into effect in 2007. Fundraising for the new wing stands at an incredible £730,000, and the appeal has been supported by almost 2,000 donors and organisations. I know that there is a great deal of local support for the appeal because I have attended several local fundraising events.

In Ayrshire, we are much aware of the fine work done by Hollybush house, but the appeal has had the added advantage of placing the needs of Scottish veterans with combat-related mental health injuries firmly on the map. There is no doubt, however, that without that appeal the closure of Hollybush house was a distinct possibility. We hope that the Scottish Executive will make a contribution to the final budget of £1.7 million that is needed to secure the upgrade. We wait for a decision to be made. The upgrade is welcome, but it has been hastened by the Scottish Executive's care requirements. I believe that it is incumbent on the Scottish Executive to make a contribution.

There is the vital issue of funding for Combat Stress in the light of the new compensation scheme introduced in April. Even before April, Government support came only in the form of possible funding of treatment for any client who has a war pension of more than 20 per cent.

[Sandra Osborne]

for a mental health problem. More than 40 per cent. of the clients did not have that pension, so the society was reliant on using its general fund, which consists of donations from regimental associations, the Royal British Legion branches and other charitable trusts.

Many referrals now come from mental health professionals or primary care providers, but such referrals do not come with any funding attached. The new scheme introduced in April does not have that element to it. The single payment compensation with a lump sum will not necessarily be used to pay for treatment at Combat Stress. When funding disappears with current veterans who receive pensions, it will not be replaced by the new system. Slowly but surely, clients under the new scheme will not be able to be accommodated.

As I have said, 40 per cent. of treatment is already unfunded. The Ministry of Defence appears to be saying that funding for veterans with combat-related mental health issues is a national health service issue, not an MOD one. There is no scheme in place to ensure that the NHS fills the gap. Combat Stress is doing all that it can to raise funds from the public. The Minister knows that it is notoriously difficult to raise funds to respond to mental illness in any circumstance.

The balance of responsibility for funding has been shifted to the NHS. I hope that I have shown that it is well established that it is not realistic for appropriate services to be provided by the NHS. It could be done through partnership with Combat Stress, but that would require public funding. If Combat Stress is doing a job that should be done by the NHS and social services, the Government should allocate funds to the organisation that can deliver the service through a contract for specialist commissioned services or some other mechanism. It is worrying that such a system is not in place.

I realise that there are complications owing to devolved government, but there must be a national agreement, or a postcode lottery will develop, with veterans accessing services only if their local health authority happens to take the situation on board. I have already stated that much has been done by the Government. Successive Ministers with responsibility for veterans should develop a proper strategy for dealing with veterans' concerns. The Minister responsible for encouraging cross-Government co-operation on veterans' issues must solve the funding problem.

It does not make economic sense not to spend money in the short term that would reduce the long-term drains that will almost certainly result both on the NHS and the nation's benefit system should an increasing number of veterans continue to develop chronic, debilitating conditions that go untreated. Hollybush house does a fantastic job with scarce resources. Is it right that it achieves all that while it is heavily dependent on charitable income? More importantly, does the situation show that we value the sacrifice that our veterans have made for their country? I look forward to the Minister's reply.

9.58 am

John Barrett (Edinburgh, West) (LD): It is a pleasure to follow the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne). She made an interesting, well developed and, in the light of the celebrations, parades and so on last Sunday, timely speech. She was right to highlight some of the many issues that affect veterans today: the women's contribution; homelessness, which I will touch on; and the many health care issues that affect those who have served our country.

Veterans have made a huge contribution to our country's history and have shaped the country that we live in today. Many of them survived the horrors of war while their friends and comrades gave their lives so that we could live ours in freedom. As a result, it is extremely important that everyone in this country and beyond recalls the sacrifices of our soldiers past and present and passes on the culture of remembrance from generation to generation. I pay tribute to the work of the many veterans organisations that continue to raise awareness and fight for the rights of veterans and their families across the country. The importance of the treatment of veterans has not always been given the weight that it deserves. With that in mind, I was pleased by the announcement four years ago that all veterans issues, right across the Government, had been pulled together under a single Minister. Following the creation of the post of Minister for Veterans, I look forward to hearing of the work that has been done in the past four years.

Sunday saw marches in Edinburgh and throughout the country celebrating national commemoration day, the 60th anniversary of the end of the second world war. Many veterans paraded down the Royal Mile in Edinburgh amid scenes that were repeated around the country. However, many of those who marched are now in their 80s and 90s, and it will not be long before very few veterans of the two world wars are still among us. Consequently, we owe it to them and to ourselves not to forget their contributions or the lessons that can be learned from them. I am hopeful that we will never again bear witness to another conflict on the scale of the two world wars. However, that does not mean that there are not many important lessons that we can learn from those past sacrifices. Sunday's celebrations should remind us of the triumph of the free world, but also of the horrors of war and the sacrifices of our servicemen and women.

I am sure all hon. Members were as concerned as I was earlier in the year by the apparent lack of awareness among many younger people of the VE-day celebrations. A worrying survey of UK pupils showed that three quarters did not know what VE stood for. Indeed, some thought that it was a music festival and others a venereal disease. It is fair to say that we need to do much more to educate the next generation about the sacrifices and bravery of our war veterans. They have inspirational stories that could encourage young people. I hope that last weekend's commemorative events will have gone some way towards achieving that.

I am sure that the whole House will welcome "Their Past Your Future", the scheme run by the Imperial War museum with national lottery funding. It has enabled students from all over the country to join veterans on overseas pilgrimages to former theatres of war to learn more about our recent history. The last century was one of the most violent in recent history and in the history of mankind. It is incumbent on us to educate the next generation so that they will be inspired to ensure that this new century will be one of peace and tolerance.

Although we must remember veterans from previous conflicts, we must not forget those members of our armed forces who are, as we speak, serving this country in Iraq, Afghanistan, the Balkans and elsewhere. Although the veterans of the two great wars have much to teach us, Government support for veterans goes far beyond that group. We must recognise that the majority of those who leave our armed forces are in their 30s and 40s. Consequently, supporting their transition back into civilian society is a major issue, as the hon. Lady said. Many have serious difficulties finding not only their first job, but a fruitful career for the following 20 to 25 years. We need to ensure that they have support not only when they first leave the services, but throughout the rest of their working lives, if they need it.

On a similar note, many of our soldiers join up at the age of 16 or 17 and therefore miss out on gaining the further or higher education qualifications that many of their contemporaries will go on to achieve. It is important that education does not stop on enrolment and that we equip our recruits with transferable skills and qualifications that will aid their transition into civilian life.

Some years ago, I interviewed a young American veteran who had served his country and had thought that he was also being trained for a job in the medical services in civilian life when his time in the forces was over. When he left the forces, he found out that his qualifications and experiences were worthless because there were not valued in the hospitals to which he applied for jobs. He felt let down, misled and betrayed by his Government. He was fit, able, intelligent and articulate. I interviewed him in a hostel for the homeless and he had his entire worldly possessions with him in one small bag. Hopefully, we shall be able to avoid such situations in this country.

As we heard, the casualties of war are not only those injured and killed in conflict, but those who suffer debilitating after-effects of their time in such conflicts. The Government have failed too many veterans in this regard. For example, recent years have exposed the reluctance of the Ministry of Defence to implement a screening test to detect uranium in the bodies of Gulf war soldiers. Although veterans have been demanding the tests since 1996, only last year did the MOD agree to offer them, by which time many experts say that there was little chance of detecting anything. That is just one of many similar stories. It remains the case that Defence Ministers in successive Governments have tried to play down the significance of a variety of severe illnesses. Those who put their lives on the line for this country deserve better. Such stories provide, unfortunately, an uncomfortable backdrop to last week's celebrations.

Pension provision is another central concern for veterans. Those men and women have spent a large part of their lives defending us and our country and they deserve all the support we can give. In 1973, armed forces pensions were recognised as among the best pensions in the public sector. However, during the 30 years since then, it is clear that they have slipped considerably to the bottom of the scale. We owe a duty of care and responsibility to our veterans and their dependants, and I look forward to hearing the Minister explain what the Government have been doing to reverse that trend.

Many of my hon. Friends have recently been involved in the treatment of the Gurkhas. I am sure that many hon. Members will have welcomed, as I did, the news last year that retired Gurkha soldiers will be allowed to apply for UK citizenship. I am pleased that those deemed good enough to fight and die for us are finally considered good enough to apply for citizenship. I am interested to hear the Minister's comments on the take-up of that scheme and any other help that has been offered to that often overlooked category of veterans.

On a different note, following the widespread public opposition to the recent war in Iraq, we must consider seriously how we deal with veterans of different conflicts. Sadly, it often seems that veterans of what can only be described as more popular conflicts are more widely revered than veterans involved with those conflicts that are less popular in the eyes of the public. For example, the South Atlantic fund did a great deal of work for the veterans of the Falklands war. I am less confident that a similar scheme awaits veterans of the war in Iraq.

The recent disagreement on the treatment of veterans of the Arctic convoys has also led to such complaints. We need to remember that the risks taken and sacrifices made by members of the armed forces are the same, irrespective of the justification for, or public perception of, a conflict. For that reason, although I opposed the war in Iraq, as did my right hon. and hon. Friends, we recognise that having sent our troops into a conflict we immediately have to do all we can to support them. I hope that the Minister will consider those concerns.

I could not speak about the Government's support for veterans without touching on the future of the Scottish regiments. There may well be a case for reform in the Army, but to break the link between the past and present is unnecessary and unhelpful when we all agree that we need to do more to educate people and to remember the sacrifices of our soldiers. At this time, like no other, increasing demands are being made of our soldiers. Surely this is not the time for such reforms.

I am sure that the Minister will have ample time to address the points made. We all owe a debt of gratitude to our servicemen and women, who have given so much to this country. It is incumbent on all of us to ensure that we never forget not just those who gave their lives for their country, but veterans, young and old, in all our constituencies. Their concerns must be addressed by their Government, and we will always remember that our freedom, our democracy and today's debate would not have happened without their selfless actions. They are asking for a fair deal and they deserve nothing less.

10.9 am

Dr. Julian Lewis (New Forest, East) (Con): It is great pleasure to congratulate the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne), not only on having secured the debate, but on the measured and deeply committed way in which she made her case. She concentrated primarily on mental health provision for ex-servicemen, which I also hope to touch on. However, I intend to range a bit further across the spectrum of veterans' affairs to give the Minister a wider choice of things on which to comment and to help us understand the Government's latest thinking.

I am also pleased to agree with much of what the hon. Member for Edinburgh, West (John Barrett) said. He made an important point about veterans of unpopular

[Dr. Julian Lewis]

wars not receiving the same support as those who participated in wars that enjoyed more jingoistic support at the time. I pay credit to hon. Members from all parties who have, in recent years, shown time and again that they are able to distinguish between their own beliefs about whether a conflict should have been entered into and their unfettered regard for the servicemen and women who faithfully carry out the orders of the Government of the day to try to bring about a successful resolution to those conflicts, with the minimum number of casualties and with maximum effectiveness.

It is important that we learn something about the mistakes of the past. We all too often pay tribute to people long after the event and regret not doing the things that could have been done to help them at the time while nevertheless proceeding behindhand in trying to deal with the veterans' problems of today. It is no good always saying, "We're sorry for the mistakes we made in the past", if we go on making them in the present.

Later today there will be a ministerial statement on far east prisoners of war. I understand that the ombudsman has found against the Government on four counts of maladministration of the compensation scheme. The ombudsman's report refers in particular to those people who were interned by the Japanese in the second world war, but were not considered to have a sufficient connection with the United Kingdom to qualify for the compensation agreed in November 2000.

I pay tribute to the hon. Member for Hendon (Mr. Dismore), who set up the all-party group on far east prisoners of war and internees. When I heard about the forthcoming statement I did a quick search to remind myself of all those occasions on which we spoke and argued for compensation for the veterans who had been so sorely afflicted during those terrible years. The debates in which myself and others participated consisted of statements and question sessions on 9 March 2000, 3 July 2000, 7 November 2000—when the then Member for Kircaldy, one of the predecessors of the current Minister, announced the scheme—and on 26 November 2001, when the hon. Members for Luton, North (Kelvin Hopkins) and for Great Grimsby (Mr. Mitchell) asked why the criteria for eligibility for compensation for civilians interned by the Japanese in the second world war had been changed.

I asked the Minister at the time why he was defending the indefensible and put it to him that if people were British enough to be interned, they were British enough to be compensated for that internment. He replied:

"I regret that that is not the case. I have allowed a sufficient line of consanguinity to take as many people as possible into the net . . . a line had to be drawn somewhere, and it was drawn in the correct place."—[*Official Report*, 26 November 2001; Vol. 375, c. 654.]

Evidently, the ombudsman disagrees.

We do not wish to keep replaying such mistakes over and over again. The hon. Member for Ayr, Carrick and Cumnock made a point about so many people who, having faithfully served the country in the armed forces, were finding themselves homeless and without adequate support when suffering the flashbacks of the traumas that they experienced while in the services. Those flashbacks often emerge long after the event.

In part, that reflects the wider issue of the way in which mental health is, in general, treated in this country. There is not the in-patient support that there used to be for people who do not need permanent in-patient residence but who do need periodic in-patient support to keep them on an even keel as a result of a trauma. More needs to be done before servicemen and women who have seen active service leave the armed forces. If the work is done in advance of their departure, it may be much easier to spot people who are at risk of developing mental health problems.

We need to develop schemes to help people who have not been able to get on the property ladder's first rung while serving their country overseas. I know that the Government have been thinking about that. I want to hear how far they have progressed in making it possible for someone who has completed a considerable period as a serviceman or woman in far-flung parts of the globe to have, when they enter civilian life, a financial basis on which to make a start on acquiring a home that will be the base from which they build their future career.

The pensions of members of the armed services have been a matter of great controversy and debate for many years. I do not propose to revisit all the arguments about those still suffering from the pensions trough of the 1970s or those who are still in anomalous positions because of post-retirement marriages. The Minister will have been addressing those issues with some concentration since he took up his post relatively recently. I want to hear what he has to offer to put right a situation that is getting easier to put right year by year, if only for the sad reason that fewer and fewer people are still alive to benefit from a rectification of the disadvantages that were incurred so long ago.

I am delighted to be able to congratulate the Government on the work that they have done in recent weeks and months to commemorate the 60th anniversary of the end of the second world war. The work on the commemoration events in the past week speaks for itself. The Living museum, which I had the pleasure of visiting, was affected for part of its duration by the terrible events that took place last week. Nevertheless, it saw a high throughput of people making the most of the opportunity to see all that is owed to those who fought and won the fight against a much greater, more pervasive and stronger form of totalitarianism than that faced by our society on a small, though deadly, scale.

I was also pleased with the efforts to educate the wider public by bringing future generations into contact with the memories of the veterans' generations. However, when I went to the "Their Past Your Future" exhibition at the Ministry of Defence, I was surprised to see among the exhibits a claim that the late Lord Cheshire VC, who founded Cheshire Homes and was a leading hero of the Royal Air Force bomber command and an observer at the Nagasaki bombing, had, at the end of his life, joined the Campaign for Nuclear Disarmament and campaigned against nuclear weapons. I had the privilege of being in contact with Lord Cheshire during the 1980s. Although he used to go to Japan to pray for the souls of those who died at Nagasaki, he maintained until the end of his life that the bombings were necessary and that the lives of many thousands of allied prisoners of war were

saved by a speedy end to the war so that the well established Japanese plans to murder them could not be put into effect.

David Taylor (in the Chair): Order. I remind the hon. Gentleman that the title of the debate is Government support for veterans, and I ask him to return to that topic.

Dr. Lewis: I am happy to do that, but I believe that that is a veterans issue, because the project's work is about putting the veterans' record before future generations. I was pleased that the Imperial War museum responded to my inquiry and corrected the record.

It is important that we draw the right lessons when we look back on what the veterans achieved for this country. We should draw the lessons that wars are sometimes fought because of lack of preparedness rather than bellicosity and that we owe it to the veterans whose memories we have been honouring that their record is not distorted.

The issue of the award of medals involves the Government and veterans. I understand from people who have held ministerial office in the Ministry of Defence that that always takes up a disproportionate amount of Government time. The Government eventually resolved the Suez canal zone problem by awarding a general service medal to those who had served in that zone in the 1950s and a clasp to those who already had the general service medal and who had also served in other zones, but who were entitled to extra recognition. It was possible for that medal to be awarded retrospectively because the record was examined and the decision was taken to make the award in light of the fact that that had not been considered and rejected at the time.

So, I have a positive proposal to put to the Minister with regard to the ongoing dispute about the awarding of an Arctic star or an Arctic clasp in respect of the Russian convoys veterans of world war two. It has been a long-standing concern of hon. Members in all parties. I have taken the trouble to do a little research in the archives and am grateful to the Cabinet Office historical section for allowing me to inspect the records of the ceremonial department that established the campaign stars and clasps that were awarded at the end of the second world war.

I went through those records thoroughly, and I can assure the Minister that nothing in the records that were presented to me suggested that the question of making a separate award of either a campaign star or a clasp was specifically considered and rejected at the time. Therefore, I think that he should investigate further. Perhaps it would be possible to resolve this last outstanding issue from the second world war campaign medals inventory, by finding out if the same criteria that allowed the Suez canal zone issue to be resolved could also be applied to the Arctic convoys.

The veterans concerned would be content if there were a recognised clasp, such as the clasp that was awarded to those who fought in the battle of Britain, to be attached to one of the existing campaign stars from world war two. A solution along those lines would be acceptable. Something that does not come under the category of an official star or clasp would not be acceptable. It would be a sensible and non-controversial way to resolve the matter without opening up a Pandora's box of claims for history to be revisited and for further medals to be awarded for one reason or another. It is sensible that such awards should normally be made as a result of decisions made reasonably soon after the events.

That campaign has been something of a running sore. There has always been the suspicion that that one theatre of war was not properly recognised, primarily because when those decisions were being taken, the cold war was breaking out. The omission is certainly strange. I put it to the Minister that a resolution is possible.

I should also be grateful if the Minister could advise us on the Government's thinking about the permission being given to veterans to wear medals awarded by other countries as a result of their gratitude for campaigns waged successfully by our servicemen and women. Recently, there has been a certain amount of correspondence from veterans who were involved in the successful 12-year counter-insurgency campaign in Malaya, or Malaysia as it is now known, and I know that the Government of Malaysia are keen to make an award so that veterans understand that their efforts were fully appreciated and valued by the people of that country. However, I also realise that our Government gave a general service medal and an appropriate clasp at the time.

Finally, I congratulate the Government on the heroes return scheme. I know of several people in my constituency who will be taking the opportunity to revisit those theatres where they saw action. In particular, a friend of mine, Mr. Eric Spearing, who served on the escort carrier, HMS Speaker—a carrier that has obvious connections with this House—will be going out to the far east and revisiting those places in which he, as a man of about 6 ft 4 in in stature, somehow managed to participate from the very small cockpit of a very small plane operating off a very small aircraft carrier.

The work that the armed services do is invaluable, especially at a time like this. We all make the right noises about how wonderful our servicemen and women are. The Minister, however, has the unenviable task of trying to ensure that they feel the practical benefit of the Government's support, as opposed to the emotional benefit of the country's support. I look forward to hearing what he has to say about the practical measures that they shall take in respect of service conditions, post-service preparations, mental health support and, when one leaves the armed forces, the ability to start out with a foot on the first rung of the housing ladder.

10.29 am

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I must congratulate my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) on securing this debate to address the general topic of the Government's support for veterans. Colleagues will appreciate that this is a wide subject to cover in a debate such as this, but I shall attempt to provide a broad outline of what we are doing to support former service personnel, and the areas in which we hope to make further progress.

[Mr. Don Touhig]

It is a tremendous honour to be the Minister with responsibility for veterans. As colleagues have already said, we owe a tremendous debt of gratitude to those who served our country in the armed forces. They contributed their time, skills and effort; in some cases they sacrificed their health, and in many others their lives, to protect our country and the values for which we stand.

One of my key responsibilities is to ensure that veterans are properly looked after and that they receive the support and help that they need in civilian life. For me, a person who has ceased to wear a service uniform is still part of the service family. It is not quite a case of from the cradle to the grave, but when someone leaves the service they become a veteran immediately, and we must have care and concern for them.

I recently had the privilege of visiting the Royal hospital in Chelsea. That organisation is a great example of how the country values and cares for its veterans. I received a warm welcome, and I know that a warm welcome was given to my compatriot, Katherine Jenkins, who went to the hospital recently and joined in a sing-along with the pensioners. Of course, all Welsh visitors are treated well and are welcomed at the hospital, but I understand that the gentlemen at Chelsea are more interested in getting a return visit from Katherine Jenkins than from me.

All Members are aware of the range of events that took place last week as part of the first veterans' awareness week and the commemorations, in London and across the UK to mark the 60th anniversary of the end of the second world war. The events were a great success and shone out against last week's awful atrocities in London. It is a tribute to the veterans that they once again refused to be beaten and turned out in their thousands to commemorate Sunday's event and to the living exhibition at St. James's park throughout the week.

I am grateful to the Big Lottery Fund, which provided nearly £50 million of funding to support commemorative events across the UK this year, thereby allowing new generations to learn from the experiences of those who lived through those awful times.

To turn to other areas of support, the veterans' programme provides a framework in which we can address and progress veterans' issues. The main priorities of the programme are to ensure that as many service personnel as possible make the transition from service to civilian life successfully and to offer appropriate support to those who have difficulties. I am well aware of the potential risks associated with such a change in work and lifestyle, and I consider it of great importance that we do all that we can to help minimise the risks and ease the transition process.

That is why the Ministry of Defence provides a comprehensive package of resettlement initiatives, including the provision of advice to all who, leave the services, including those who leave early and who, we therefore believe, are potentially more vulnerable to social exclusion. Early service leavers now have a mandatory resettlement brief and interview and access to a service resettlement adviser, who can, where necessary, provide expert advice on employment and other areas of resettlement. Counselling is also provided where that is thought appropriate.

Of course, our work in that area is not complete. We need to know what sort of problems early service leavers experience when facing civilian life, and to this end we have commissioned King's college, London, to undertake research to assess whether a formalised mentoring service might play a part in preventing social exclusion.

Other work is focusing on health and social care, especially mental health care. A problem common to all sectors of society is recognising those most at risk of mental health problems, suicide or deliberate self-harm. There is, for example, no single cause of suicide or deliberate self-harm. Although the service environment can provide many stresses, the evidence is generally that service personnel are not more at risk of mental health problems than the rest of the population.

The services have recognised the need to manage stress in a pragmatic way, to reduce the stigma that can so often be associated with mental health problems, and to educate both personnel and those who can help them to recognise the signs of possible problems at an early stage, so that help can be provided. The same basic requirements apply to those in service and to veterans. I discussed that issue recently with Combat Stress.

A key issue identified is the failure of veterans to access care, perhaps because of unfamiliarity with civilian arrangements or a strongly held belief that civilian health professionals know little about service life. To help redress that problem, we are producing a leaflet called "Looking After Yourself", with which we aim to assist veterans to get help for mental health symptoms and illness in civilian life, which outlines what they should expect.

We also want to raise awareness in the medical world about veterans, and have begun discussions with the Royal College of General Practitioners and the Faculty of Occupational Medicine to explore the scope for introducing material about the armed forces into their training curriculums. I am sure that we all know of cases in which people have gone to their GPs for help and advice. It is important that we give GPs signposts that if such people were in the services, certain boxes should perhaps be ticked in terms of getting extra support or referrals.

Sandra Osborne: I do not disagree with anything that the Minister says—it is important to raise awareness among health professionals—but does he agree that in dealing with veterans' mental health problems, there would be advantages to veterans having contact, treatment and support from people who have experienced service life and to their mixing with their own peer group?

Mr. Touhig: My hon. Friend makes an important point. In a moment, I shall touch on some things that we are considering to see how we might progress on that issue.

The Veterans Agency has produced its first quarterly news letter, which is intended to inform all those who deal with veterans of the type of issues that they face. On their leaving the armed forces, responsibility for the

medical care of service personnel passes to the NHS—my hon. Friend queried that. A patient's GP is usually the first port of call; if he thinks that specialist treatment is required, it can be provided. We are currently working with the Department of Health, the devolved Administrations, and other UK health authorities to consider how to enhance that programme. I hope to be able to make a positive announcement on our progress soon, and that will be welcomed.

People who have left the services who believe that their post-traumatic stress disorder symptoms are directly related to their work in the armed forces are referred to the Veterans Agency for their entitlement to the war disablement pension to be assessed. More than 2.5 per cent. of veterans who receive the war pension get it for symptoms associated with stress. Such people are also advised of the work of voluntary organisations such as Combat Stress. My hon. Friend said a lot about that.

I am grateful to my hon. Friend for giving us the opportunity to address and comment on the work of Combat Stress—I know that one of its residential facilities is in her constituency. Combat Stress has a long and distinguished history of providing care to people suffering from mental illness as a result of their service in the armed forces. I visited that organisation's centre at Tyrwhitt house on 21 June to see some of its work. I was greatly impressed with the commitment of the staff and met some of the many clients whose lives would be much poorer without the support provided in the organisation's residential care homes and by its welfare officers.

I reiterate a point that I have made before: no matter how good Government and local government are or think they are, many people's quality of life would not be as good without organisations such as Combat Stress. I pay tribute to their work.

Of course, no area of medicine stands still. That is as true of the understanding of mental illness and its treatment as it is of other areas. In recent years, in particular, incidents all over the world, not least those in London last week, have heightened awareness of the possible psychological effects of traumatic events, and evidence-based best-practice treatments are now emerging. I commend the forward-looking approach of the chief executive of Combat Stress, Commodore Toby Elliott, and his staff, on their work to modernise the services that are provided. They are doing exciting things, and I am greatly impressed by what I learned there.

Combat Stress particularly wants to address the problems experienced by reservists who, like both current and former regular servicemen, can suffer from issues affected by stress. We recognise that that is a problem, and we are working with the Department of Health and the NHS to identify the best way to tackle the issues about which my hon. Friend was concerned.

Combat Stress is also working in close co-operation with my Department to commission a review of its treatment regimes by the Health and Social Care Advisory Service. The review has highlighted the enormous commitment of the society and its staff to the care of war pensioners with mental health problems and has confirmed the value that many veterans attach to their periods of care at Combat Stress centres. It has commended the society's evolving approach over recent years in line with wider good practice and methods of delivery.

At the same time, the review has identified a number of areas where further change is likely to offer new benefits to clients, including, in some cases, the prospect of treatment to cure. Although the review has yet to report formally, I understand that my officials and the society's officers are agreed that it offers new opportunities that must be grasped.

The society, the Department and the Health and Social Care Advisory Service will work closely together to agree how best to review recommendations and to take them forward. We will involve the Department of Health and other ex-service charities where they might also have a role to play.

Since its establishment in 1948 it has been the intention of successive Governments that the NHS should be the main provider of health care for veterans and war pensioners, for both physical and mental problems. War pensioners have priority NHS treatment provided for pensioned disablements, with priority decided by the clinician in charge. That long-established model is entirely in line with the cross-departmental veterans' programme.

My hon. Friend mentioned Hollybush house in her constituency, and said that I would be most welcome to visit. I hope to have the opportunity to do so in the near future. I am aware of the challenges that the society faces in meeting requirements to modernise the centre, particularly the provision of single-occupancy accommodation. I am also aware that the society has approached the Scottish Executive for a grant to support that work. That must, of course, be a matter for the Scottish Executive to decide. However, I fully support the society's movement towards modernisation, and I have no doubt that Hollybush house will play an important part in delivering those changes.

I am aware that my hon. Friend has previously raised questions concerning Gulf veterans' illnesses. I take the opportunity to reassure her that the Government have always given the concerns of the 1990–91 Gulf veterans the highest priority. That important and highly complex issue will continue to receive the close attention that it deserves. My predecessor set out the Government's position on the issue to my hon. Friend in his letter of 18 April, but before I respond to the specific points raised I would remind hon. Members of the Government's approach to Gulf veterans' illnesses issues.

More than 53,000 UK armed forces personnel were deployed in the Gulf in 1990–91. A minority of them are ill, and we want to know why. There is no medical or scientific consensus on the cause or causes of ill-health among some Gulf veterans and insufficient evidence to enable that ill-health to be characterised as a unique Gulf-related illness or syndrome, which is why we and others do not recognise Gulf war syndrome as a medical condition. The term "Gulf war syndrome" is not found in the World Health Organisation's international classification of diseases, which is used throughout the world by physicians and scientists to distinguish diagnosable diseases and their categories. We are not out of step with our major allies on that point.

Despite that, we remain concerned and are continuing with our £8.5 million research programme to try to establish why the 1990–91 Gulf veterans report more ill-

[Mr. Touhig]

health than other comparable groups, although the pattern of that ill-health is not unique to Gulf vetefans. They report the same symptoms and conditions as UK Bosnia veterans and UK military personnel who did not deploy to the Gulf. The only difference is the increased frequency with which Gulf veterans report such symptoms.

I take seriously all claims of ill-health among veterans. I strongly recommend that veterans of the 1990–91 Gulf conflict and of the recent deployment in Iraq attend the Gulf veterans' medical assessment programme if they have concerns about their health. The programme has been running since 1993, and in that time about 3,500 patients have been seen, some more than once. Further details of the programme are available from the Ministry of Defence website.

The fact that we do not accept the term "Gulf syndrome" does not stop Gulf veterans receiving a war pension and attributable benefits under the armed forces occupational pension schemes. Such pensions are not awarded for a list of disorders but for any disablement that can be accepted as caused, or made worse, by service. War pensions are paid on the basis of eligibility rules that are strongly geared in favour of the claimant; a payment will be made unless the Department can show beyond reasonable doubt that an illness or injury arising within seven years of service was not caused by service. Veterans of the 1990–91 Gulf conflict can and do receive compensation in the form of war pensions and armed forces pensions on the same basis as other veterans.

Several points were raised in the debate about homelessness, and I want to mention our work with the Office of the Deputy Prime-Minister, devolved Administrations and ex-service charities to help to prevent and tackle the problems of homelessness among ex-service personnel. Work continues to consolidate a number of projects such as Project Compass, which seeks to help homeless ex-service personnel back into sustained employment; it is a major priority, and I will give attention to it.

My hon. Friend the Member for Ayr, Carrick and Cumnock and the hon. Member for New Forest, East (Dr. Lewis) raised the issue of what the Ministry of Defence is doing to help service personnel to get on to the property ladder. The MOD has long been committed to ensuring that service personnel make a smooth transition to civilian life. The Joint Service Housing Advice Office, which was established in 1992, provides tri-service civilian housing advice to service personnel. My right hon. Friend the Secretary of State has raised these issues with me, and I will be looking at ways in which we can examine what help, support and encouragement we can give in those circumstances.

My hon. Friend also asked how the Government are putting their money where their mouth is in supporting veterans' issues. I do not know why she sits on the fence; why does she not say what she means? I take her point.

There are many projects for veterans funded by the Ministry of Defence apart from research and supporting projects such as homelessness among former servicemen and prison in-reach. The Department provides £750,000 a year to the challenge fund, which seeks to pump-prime veterans-related projects that address the identifiable gap in existing knowledge or activity. Money is available, and I encourage veterans' organisations to approach the Department if they have projects that require support.

The Ministry of Defence also funds 80 per cent. of the Commonwealth War Graves Commission—about £31 million a year. The veterans' programme is a collaboration between the Government and the ex-service organisations, and much additional funding is therefore provided by other Departments or bodies—for example, £50 million of support has been provided for the commemorative projects by the Big Lottery Fund in the past year.

My hon. Friend also raised the issue of funding and support for Combat Stress. For the past 40 years the Government have funded war pensioners for remedial treatment at Combat Stress's residential centres, and, depending on the numbers who are being supported and cared for by that organisation, support is about £2 million to £3 million a year, which helps and benefits Combat Stress.

Sandra Osborne: I understand that those are important projects that have to be funded but does the Minister recall that I suggested that there is a substantial funding gap and that Combat Stress has to rely substantially on charitable giving? I question whether that signals Government support for the recognition of the serious mental health problems from which veterans suffer. Should there not be more public funding for that?

Mr. Touhig: There are always demands on the public purse for the funding of a host of worthy and important causes. I think that our support at this moment is appropriate. There are always ongoing discussions with organisations such as Combat Stress about the support that they get, and Commodore Elliott is not slow to give me verbal GBH if he thinks that we are not doing enough and not giving the support that we ought. I recognise the difficulty, but there are important ongoing discussions, which I welcome.

My hon. Friend suggested that funding would not be available for treatment under the new armed forces compensation scheme. Her concern reflects a misunderstanding: funding will continue to be available for those with significant mental illness due to service. The precise nature of the arrangement depends on agreeing with Combat Stress on how best to take forward the findings of the Health and Social Care Advisory Service report. However, we have made clear to the society that there will not be any significant changes at this time. We shall wait and see what the report comes through with.

The hon. Member for Edinburgh, West (John Barrett) made the important point that we must pass on the message of the commitment and dedication of the veterans to the younger generation. Last Thursday, I went to St. James's park after the bombings to meet members of the RAF Prisoners of War Association. I was greatly impressed by the numbers that turned up; I had not been certain that many would be able to get through to the park.

One veteran told me that he had got to Victoria station that morning. There were no buses and no public transport—it was chaos. He said, "They kept me as a

prisoner of war for four years. That didn't bloody stop me, and this wasn't going to stop me this morning." That showed the spirit of determination of that generation, and we can be inspired by that. In fairness, I do not think that we play down the issues of veterans' health, support and pensions; we are making the right contribution.

The hon. Gentleman was concerned that pensions had fallen behind wider good practice, but the current pensions scheme is one of the most valuable available in the United Kingdom. However, we recognise that in certain respects it has fallen behind good practice elsewhere. That is why on 6 April we introduced a new scheme, which has implemented a number of major improvements, including an increase in the level of death-in-service benefit from one and a half times pay to four times pay, a 25 per cent. improvement in the value of widows' pensions at full career and the introduction of benefits for unmarried partners. These things are good steps forward, and I hope that the hon. Gentleman welcomes them.

Dr. Julian Lewis: Can the Minister say to what extent people have taken up that scheme rather than staying with the previous one?

Mr. Touhig: I cannot give the hon. Gentleman that information now. However, I shall look into the matter and write to him and other Members who have attended the debate.

The hon. Member for New Forest, East is right to point out that very often we look back at an issue after a time and think that we should have done something better or different. He focused his initial remarks on the ombudsman's report on the scheme for ex gratia payments to former prisoners of war of the Japanese. As he is aware, I have produced a written statement, to be presented to the House this morning, that responds to the ombudsman's comments. I do not want to trespass on that until it is available to all Members.

I say simply that the ombudsman made some criticisms of the Government and said that we should take certain actions. He suggested in particular that we should review the operation of the scheme. I do not think that that makes any sense; there were 29,000 applications for compensation under the scheme, and 24,000 people—or 83 per cent.—have been compensated. I see no purpose in examining the entire operation of the scheme, although I recognise that its announcement and introduction were not well handled. The Government accept that fully.

I am sure that Members are aware of the issues at the time. There was an urgency and enthusiasm to introduce the scheme as quickly as possible. A number of judicial reviews and issues affected the scheme. In the first such review, the judge commented that a scheme introduced in such haste was bound to have problems. I regret that a number of people who at first thought that they would be compensated will not now be compensated, because of the issue of birth link. I sincerely apologise for that. It was wrong, and the Government made a mistake. I shall be giving some thought to the ombudsman's recommendation that I should do more than apologise and consider some tangible response. I shall refer to it in my statement this morning.

The hon. Gentleman made several points about people moving on to the property ladder, and I think that I have covered them. My right hon. Friend the Secretary of State is keen that we should consider the issue, and I shall do what I can. I thank the hon. Gentleman for his comments about veterans' awareness week, which was a great success and showed the determination of our country to recognise the sacrifices and commitment of a generation that kept us free.

When I knocked on doors a few weeks ago in the general election, and people told me that they were not going to vote, I said to many of them, "We shall be commemorating in July, in a few weeks, the 60th anniversary of the end of the last war. If we had lost that war, you would not have the choice to vote." It is important that we get that message across. We owe the freedoms that we enjoy now to that generation who kept us a free people. I hope that their example will be recognised and carried on by younger generations.

The hon. Gentleman raised the matter of the Arctic veterans and a clasp for them. He said that he had done some research, which is interesting. If he wants to write to me or have a discussion, I shall take his points on board to ascertain whether anything can be done. He also mentioned medals issued to British service personnel by foreign Governments. That is a matter for the Foreign and Commonwealth Office, but I shall deal with that procedure in a note to him. I thank him for his comments about the heroes return project, which everyone thinks very worth while.

Dr. Julian Lewis: I have one last point for the Minister. The Veterans Agency has been a success for the Government. There is some talk about merging it with another organisation, and that is a little worrying. Can the Minister throw light on that?

Mr. Touhig: Yes. There is a proposal that the Veterans Agency should be merged with another part of the Ministry of Defence. I have discussed that with a number of veterans' organisations. I am considering various options and comments. We are consulting on the proposal, and I shall make a decision in due course, but I reassure hon. Members that I should not want the excellent work that the Veterans Agency does, through being very focused on veterans and veterans' issues, to be diminished in any way if there were to be a merged organisation. That must be a top priority for any new body that may be set up. I am not in a position to say more now. I am waiting for comments. If any hon. Members who would like information about the proposals want to contact me, I shall make sure that they are given all the necessary information.

I hope that my comments and the programmes that I have outlined demonstrate that the Government are committed to ensuring that the quality of life of our veterans is good and that their service and commitment to our country is recognised. We owe them a great debt, which I know that the whole House wants to honour and repay. It is important that we continue to learn from the past as a country and continue to recognise the huge sacrifices that were made on our behalf. That can be done in no better way than by honouring, supporting and helping our veterans. In my role in the MOD—I am also the Minister with responsibility for the Met Office, by the way, so the good weather is down to me, although bad weather is Ivor Caplin's fault—my No. 1 priority among my many responsibilities will be working with, helping, supporting and encouraging our veterans. I am sure that I shall have the support of all hon. Members in that.

Women and Enterprise

10.59 am

Mary Creagh (Wakefield) (Lab): I am delighted to have the opportunity to debate this subject with the Minister, and I look forward to sharing thoughts and ideas with hon. Members and hearing their comments and suggestions.

I start by stating the obvious. There is a clear inequality between the number of men and women who want to start a business in the UK. I want to discuss what that gap means for us as a nation and what the Government can do, and are doing, to challenge and tackle those inequalities. I shall also discuss the reason for the gap. It is evident that that a number of structural and cultural challenges face women who want to start their own business. Again, I shall set out what I think can be done to help them overcome those barriers and conclude by considering the implications of demographic trends on public policy towards women entrepreneurs.

On the differences in start-up rates between men and women entrepreneurs, I take most of my figures from the 2004 Global Entrepreneurship Monitor UK report, produced by Rebecca Harding of the London Business School. Her report states that UK women are half as likely as men to start their own businesses. Around 7 per cent. of women own their own businesses compared with 16 per cent. of men. That inequality is a serious social, economic and demographic issue that needs to be tackled across a wide variety of public policy areas, not just in the Department of Trade and Industry. If half the population is not fulfilling its entrepreneurial potential it affects us regionally, nationally and as UK plc.

A number of Government initiatives are taking place across the country to address that gender gap. The Government's 2003 report "A Strategic Framework for Women's Enterprise" noted:

> "At a cultural level there is a failure to recognise and value the contribution and potential contribution of women-owned businesses to the UK economy."

The Government have taken the important step of acknowledging that there is a problem. The regional development agencies have been working across the country to close the gap. Most now have a regional women's enterprise strategy and many have action plans that set out what they are trying to do for women and who is responsible for delivering to them. Many have a women's enterprise co-ordinator.

I welcome those developments, but we must go further to tackle the enterprise gender gap. We must also set targets from a baseline so that we know when we have achieved what we have set out to achieve. I have not been able to find anything that says what we want to achieve, so I am anxious to hear about that from the Minister. There have been large increases in the numbers of women starting businesses where the regional development agencies have made significant efforts to attract women into entrepreneurship, and I pay tribute to their efforts.

Yorkshire Forward, Wakefield's regional enterprise agency, has researched patterns of small business ownership and found them to be the same as they are in the rest of the country. In south Yorkshire, which was hardest hit by the closure of the coal mines, there is a specific strand of the European Union objective 1 structural fund that exists solely to promote women's enterprise. I welcome that focus on women and applaud the work going on to help those women boost their local economy, create jobs and provide for themselves and their families.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): My hon. Friend refers to the work in south Yorkshire. We have the Sheffield community enterprise development unit, more commonly known locally as SCEDU. It is funded by the Learning and Skills Council and objective 1 funding. Its programme "Making a difference" offers a combined programme of business start-up and management training schedules as they relate to social enterprise for women. It is little known that SCEDU is located in Burngreave, which is among the 10 per cent. most deprived wards nationally. It contains within its approximate area seven of the most deprived neighbourhoods of the top 1 per cent. most deprived neighbourhoods—

David Taylor (in the Chair): Order. Interventions should be brief.

Ms Smith: Thank you, Mr. Taylor, for reminding me of that.

What has my hon. Friend learned from such projects about promoting women's enterprise effectively?

Mary Creagh: I am delighted to hear about the excellent work of SCEDU. My hon. Friend raises an important issue relating to social enterprise and what we can do to help women in our most excluded communities. Those women often have all sorts of extra barriers, such as child care responsibilities, very low incomes and no capital for start-up. We need to unleash that potential. We now have 4 million businesses and must bridge the inequality gap. We have to start doing that by tackling all parts of society, which means people in the most deprived areas, too. I certainly welcome and applaud the work that has been done in her constituency.

I spoke to my enterprise agency, West Yorkshire enterprise agency, yesterday. It has started a women's network that brings together women from Wakefield, Kirklees and Calderdale—towns on the contiguous boundaries. It has 777 business women on its mailing list, of whom 172 are from Wakefield. They have set up a monthly networking club to promote their businesses to each other. There is often an information gap among businesses, whether owned by men or women, and people do not know about the products and services that exist in their local area. The West Yorkshire enterprise agency produces a directory of women-owned businesses in the area, which should help to close that gap.

One of the interesting things that the enterprise agency has done is to research the women who have shown an interest but have not started a business. It held a session in Wakefield last year called "What's Holding You Back?", in which it asked women who had attended one of its pre-start-up courses, but who had not gone on to start a business, a series of questions to elicit from them what was holding them back. The research showed

that time, finances, current employment, criticism from others, motivation, juggling home and work responsibilities, attitude to risk, fear of failure and lack of support all played a part in those women's decisions not to proceed. Pam Shephard, the enterprise agency's marketing manager, made the good point that women are more likely than men to be open about the obstacles that they face and to be more realistic about their chances of overcoming them. Starting a business is not for everybody. Obviously, people who do not have the requisite skills and abilities should not start one, but we must strike an important balance and ensure adequate encouragement and support to harness potential.

We are fortunate in Wakefield to have some notable women entrepreneurs who are blazing a trail and sharing their experiences with other women. Margaret Wood is the managing director of ICW (UK) Ltd., an engineering company based at Horbury Junction. It specialises in the design and manufacture of glazed units for industrial applications. In 2002, Margaret came second in the national finals for the British female inventor and innovator of the year award for a revolutionary window design that enables windows to be opened and shut simply by pushing on them. Margaret is also the chairperson of Wakefield First, which is Wakefield's development agency, and chairperson of the Mid Yorkshire chamber of commerce local area council at Wakefield. She is a fantastic role model for young women who are thinking of starting up their own enterprises.

Linda Lennon is another inspirational Wakefield business woman. She started her business, Black and White Consumables, from her front room when her first child was born seven years ago. Her office supplies company now turns over nearly £1 million a year from its headquarters in the St. John's area of Wakefield. Linda went from being a telesales operator to winning the Yorkshire woman of achievement award for business last year. The business is still expanding, and Linda plans to take on a further 15 telesales staff as well as adding warehousing facilities to allow faster delivery. That is an amazing achievement for someone who started out with a baby in the bedroom, selling from her ironing board and a telephone in her front room.

Ms Barbara Keeley (Worsley) (Lab): There are some interesting role models in the north-west as well. Meena Pathak started work in hotel management in Mumbai and then moved into product development. She is now one half of Patak's, which is famous for its Indian food factory—now the largest Indian food factory in the world—based on the site of an old pit in Leigh, in Wigan borough.

Closer to home, Sue Woodward, the managing director of ITV, lives in my constituency. She recently won a well deserved award in the business category of the winning women awards. She is a rare example of a very senior woman in a media company and she also makes a contribution regionally. She worked on the Commonwealth games, and the citation for her award made it clear that she was an excellent manager of people.

I hope that my hon. Friend agrees that Sue Woodward and Meena Pathak are great examples for enterprising young women to follow. With help and direction from the north-west women's steering group, which was started by the regional development agency, we want to create a culture that encourages more women to start and grow their own businesses.

Mary Creagh: I thank my hon. Friend for raising the important issue of ethnic minority women, who can face many barriers to starting their own business. She gave a good example of how women are often accidental entrepreneurs. I am pleased to hear about what is happening in the north-west because the northern way—the economic development plan for the north—is about bridging the gap between the north and the south, particularly in the north-west, the north-east and Yorkshire and the Humber, which lag behind for small business creation generally. We need to ensure that the three relevant enterprise agencies and RDAs work together so that those women are visible as champions and can be emulated in their districts.

Behind the success stories, there are a host of barriers that those women have overcome. We need to address three main structural barriers to encourage more women entrepreneurs. The first, and most important, is one that counts for every entrepreneur—finance. Particular structural barriers prevent women from getting finance for their business. The Global Entrepreneurship Monitor UK report states that men tend to invest more in start-up capital in their businesses than women do and that women are significantly less able than men to access bank finance. Why is that? The report also says that the fear of debt is cited by both sexes as an impediment to start-up, but is more significant for women than for men.

In our economy, people who start businesses tend to be in employment while doing so. Women are more likely than men are to be in low-paid or part-time employment and mixing employment with child care, so they are likely to be on a lower income. They may be at home caring for children, as in the case of Linda Lennon, and have no income of their own. Obviously a bank manager will be significantly less likely to lend to women who have no income or are on a smaller income. That also means that women are limited to starting businesses with a low capital outlay. That is a further impediment that we need to consider. Such businesses can only be financed organically, through their cash flow.

In my experience, women are less confident about the financial side of their business. They lack the language of finance, and that inhibits selling their business to banks as a low risk. There may also be barriers to informal venture capital for women. They may feel shy or inhibited about asking for help from family and friends. They may be worried about the effect on their personal relationships if they take a loan and cannot pay the person back.

The second important impediment is culture. Schools and careers services do not push girls to think of themselves as entrepreneurs. Women do not have a Richard Branson-style role model to emulate. As we heard, many women are accidental entrepreneurs who start in one career and move to something else when, for example, when their partner dies suddenly and they take over his business, when their husband leaves them and they have to work for the first time, or when they have a child and find that they enjoy the flexibility of looking after their children and being economically active at home.

[Mary Creagh]

I welcome the Chancellor of the Exchequer's commitment to make enterprise week in schools a national event. We need more entrepreneurship education throughout the school curriculum and young people to have greater financial understanding if they are to understand the basic principles of profit, loss, cash flow and borrowing.

A third significant barrier is age. Women are used to retiring earlier than men, even though they tend to live longer. They often retire on meagre pensions without the lump sums that men receive after a lifetime of working. Age brings a double exclusion. Banks are less likely to lend to older people, as they are perceived to be a higher risk. In the population as a whole, two men start a business for every woman who does so, but at age 55, five men start a business for every woman who does so. That figure masks a haemorrhaging of older women's skills and talents. If our birth rate continues to fall and life expectancy continues to rise, that group of potential third-age entrepreneurs is set to grow. It will represent a huge, untapped national resource. As our work force shrinks and ages, entrepreneurship could go some way towards alleviating poverty for women in old age.

It is clear that some people chose to be entrepreneurs and that others have entrepreneurship thrust on them. That is the case for women as well as for men. If we are serious about addressing the gender business gap, we must do several things. First, we must provide better access to finance for women. Secondly, we must ensure that efforts to establish an enterprise culture take particular account of the needs and aspirations of girls and women. Thirdly, we must ensure that the talents of older women are not neglected and that a specific plan is proposed to ensure a long, happy and prosperous old age.

Business failure is the other side of business success, but inspirational women entrepreneurs can act as catalysts for others The Government and this country have a huge prize at hand if we can unleash the talent, technological skill and dynamism of girls, women and older women.

11.15 am

The Parliamentary Under-Secretary of State for Trade and Industry (Barry Gardiner): First, I congratulate my hon. Friend the Member for Wakefield (Mary Creagh) on the enterprise that she showed in arriving at the Chamber this morning. Her office told me that after she could not get on to the tube she took to her cycle, and that after she took to her cycle she had a puncture, and that it was only after she hailed a taxi—I do not know what she did with the bike—that she managed to arrive, breathlessly, in the Chamber in time for her speech. Therefore, she engaged in a considerable amount of entrepreneurial activity to ensure that the debate could go ahead. I also particularly congratulate her on the way in which she presented her argument, and on highlighting such important topics.

I wish to apologise on behalf of my hon. Friend the Minister for Women and Equality; she would have been present to respond to the debate, were she not speaking today at a women's committee of the European Parliament in Brussels. I trust that that is a sufficiently good reason for her absence.

The Government are keenly aware of the importance of the issue of women and enterprise. We believe that there is an economic imperative for developing women's enterprise, and there is a great deal of evidence that women make a significant contribution to their local and national economy; I shall return to that.

A useful starting point to show how the Government have supported women entrepreneurs is the strategic framework for women's enterprise. Substantial progress has been made since the publication of the document launching that in May 2003. The strategic framework was developed to provide a collaborative and long-term approach to the development of women's enterprise in the UK. Its long-term vision is to create an environment and culture that encourages more women to start and then grow businesses, and it aims to ensure that every woman who desires to start or grow a business has access to appropriate help and support. The framework highlights four key areas for action: improving business support services; access to finance, as has been mentioned; caring and child care; and the management of the transition from benefits to self-employment.

My hon. Friend the Member for Wakefield asked about the Government's targets and the dates by which they should be met. The quantative targets set by the framework are to be met by 2006 and they are as follows: that women will account for 40 per cent. of customers using Government-sponsored business support services; that women-owned businesses will account for 20 per cent. of the UK total; and that the number of women from ethnic minority communities receiving business support assistance will be proportionate to their representation in the relevant local and regional population. I hope that that also goes some way towards addressing the remarks of my hon. Friend the Member for Worsley (Ms Keeley).

Ministers have been active in developing the strategy. My right hon. Friend the Member for Redditch (Jacqui Smith), in her former capacity as Minister for Industry and the Regions and Deputy Minister for Women and Equality, gave valuable support to promoting the development of women's enterprise. My hon. Friend the Minister for Women and Equality has provided continuity by addressing the second Prowess summit entitled "Building on Success". That was aimed at regional development agencies, with the specific goal of reaffirming RDA commitment to building regional impetus with regard to supporting female entrepreneurship. She also launched the Prowess report entitled "The Regional State of Women's Enterprise in England". One of the report's conclusions was that

> "women's enterprise promotion is increasingly being viewed in the regions as a vital untapped enterprise resource, rather than as a means of addressing social exclusion".

That goes to the heart of some of the remarks made by my hon. Friend the Member for Wakefield. We have to realise the folly of not tapping the full resources available to us as an economy. If we are able to tap into the untapped resource of female business skills and acumen, it can only bring great advantage to our economy.

I welcome the conclusion of that report as it is the essence of the position that we have reached. Women are increasingly seen as an entrepreneurial resource: an untapped source of great potential and creativity. Their future potential is even greater, and the Government

acknowledge that, which is why we are doing more to promote the cause. The Government have pursued their goals for women entrepreneurs through the Small Business Service. Essentially, that approach has been to influence key partners in the regions—principally the RDAs—and to lead that implementation throughout Government. It was interesting to hear the examples my hon. Friend gave concerning west Yorkshire and the work of the enterprise agency there to involve women in enterprise.

We have also tried to maintain pressure on the Business Link network, via the RDAs and related agencies, to encourage the active promotion of services to women and to increase capacity and awareness of women's enterprise issues. We have sought to engage with key private stakeholders to promote and actively engage in the development of women's enterprise, such as the British Bankers Association, British Chambers of Commerce and the Association of Chartered Certified Accountants. We have also supported targeted women's initiatives and networks and worked in collaboration with organisations such as Prowess, the UK's advocacy group for women's enterprise development, on a contract basis, and with a range of other women's enterprise organisations.

RDA's have been encouraged to take a lead in implementing the framework objectives by forming inclusive, strategic partnerships and women's enterprise action plans at a regional level. All nine RDAs are actively developing women's enterprise, and the East Midlands RDA, as well as the northern RDAs, has made the matter a considerable priority. The level of engagement of RDAs has improved markedly during the past six months, as my hon. Friend would acknowledge. External stakeholders acknowledge that the environment of support for women's enterprise development has taken quite a boost during that period.

Mary Creagh: The Minister mentions the East Midlands RDA. How can the Government encourage the other RDAs, which have perhaps not been as enthusiastic about embracing the women's enterprise agenda? What plans does he have to encourage them to ensure that women entrepreneurs who want to start a business anywhere in the country receive the same quality of Government service?

Barry Gardiner: That is a critical point. Wherever women are in this country, we have to ensure that they have equal opportunities and that equal support is made available to them in setting out on the path to enterprise. My hon. Friend the Minister for Women and Equality is pursuing that matter with each of the RDAs, and through my departmental responsibilities and engagement with the Small Business Service we are working through that organisation to the Business Link network to ensure that such provision is in place.

We can provide the quality of support that my hon. Friend seeks in key ways, but because of the devolved nature of the RDAs—and the Business Link service of the RDAs—it has to be done through them after pressure from central Government. It is very much a cascading-down process that ensures that we do not take away the capacity of each RDA to examine the function of its Business Link service and put in place what it sees as appropriate measures for its locality. As my hon. Friend knows, there are clear differences in need in different parts of the country. It is absolutely right that the RDAs can respond flexibly to those needs, but they must always ensure, critically, that the service standard is maintained. We need to see the feedback to ensure that the service is of a standard that is acceptable to the people who use it.

The significance of the development of women's enterprise was reinforced in October last year, when my right hon. Friends the Chancellor and the former Secretary of State for Trade and Industry announced the establishment of a women's enterprise panel to advise on the content of a new action plan to help to achieve the target of 20 per cent. female business ownership by 2006 that was cited in the framework. The panel was also asked to explore options for the establishment of a national women's business council.

The panel submitted its recommended action plan to the Chancellor and the Secretary of State for Trade and Industry on 8 March. The Chancellor acknowledged and welcomed the action plan in his Budget speech. Regional development agencies have been invited to pilot the establishment of a regional women's enterprise unit in one or more regions. The women's enterprise panel has put that recommendation forward as part of its action plan. The panel is due to make recommendations to the Chancellor by the end of July on the establishment of a women's business council. The Government will then decide whether to take that forward.

Mary Creagh: The US has much higher levels of women's entrepreneurship. One of the key things that it has is women's networking and women's business organisations on a huge scale. Does the Minister envisage something like that coming out of the women's enterprise panel, and does he think that it will benefit the development of networking among business women in this country?

Barry Gardiner: Clearly, networking is an essential part of setting up one's own business. It means being able to tap into the experience and resources of others who have paved the way. I am talking about role models, who, like those mentioned by my hon. Friends the Members for Sheffield, Hillsborough (Ms Smith) and for Worsley, set out a path and can then share that best practice with others who come behind. Those role models must be accessible to all. They can be extraordinarily powerful.

The Government recently staged an online event, which highlighted such role models across the UK, to ensure that networking is not restricted by locality but can occur across the net.

Mr. Andrew Love (Edmonton) (Lab/Co-op): What action is the Department taking with small business organisations, such as the Forum of Private Business and the Federation of Small Businesses, to try to set up women's networks and make them effective throughout the country?

Barry Gardiner: That is part of the response from the women's enterprise panel that we are looking to. My

[Barry Gardiner]

hon. Friend raises the wider question of the Small Business Service as a whole. I hope that he will have heard the remarks that I made about business links and the other means of encouraging small businesses, such as access to finance, which I know he pursues vigorously as the chair of the all-party group on small business. These are critical ways, as my hon. Friend the Member for Wakefield has said, in which the Government, working through the Small Business Service, can support women's enterprise.

I return to what I have called the economic argument for women and enterprise. The case for doing all that we can to boost women's enterprise in the UK is quite clear. It is not simply a matter of equality of opportunity; it is an economic imperative if we are to capitalise on the potential that women have to offer to our regional and national economies. The Small Business Service and its partners and stakeholders are working on capturing and articulating the economic argument for women's enterprise so that coherent, economy-based arguments can be put to those with whom we need to engage further in improving the environment for women's enterprise, particularly through the RDAs and other regional players.

A Department of Trade and Industry publication, "Promoting female entrepreneurship", has been received well by the women's enterprise community. It addresses some of the key points that my hon. Friend raised, such as:

> "Why do some women want, or need, different things from business support programmes?"

These are ways in which we are seeking to do all that we can to support women's enterprise.

On the access-to-finance issue that my hon. Friend rightly raised, the SBS is currently co-ordinating the development of an action plan for access to finance for women entrepreneurs.

11.30 am

Sitting suspended.

Persecution of Christians (South-East Asia and China)

2.30 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to open this debate and serve under your chairmanship, Mr. Taylor.

It is well known that I am third choice for this debate. The hon. Member for Enfield, Southgate (Mr. Burrowes) originally secured the debate, but he is sadly either in or just out of hospital—our thoughts are with him. I know that my good friend the hon. Member for Buckingham (John Bercow) would also like to have led the debate, but he is busy acting on behalf of us Back Benchers in the main Chamber, so I will let him off on this occasion. I hope also that other Members will drop in, particularly my hon. Friend the Member for Loughborough (Mr. Reed).

The issue is important: whether we are a Christian or follower of another religion or none, we should never lose sight of what is happening to Christians in other parts of the world. I thank my good friend Dr. Alan Hobson of Christian Solidarity Worldwide, with whom I have worked closely in raising a number of questions and in previous debates. I also pay due regard to John Prince of the Library, who has produced an excellent debate pack. I hope that, if people do not read the speech, they will at least look at the debate pack, which gives a good overview of what is happening in China and other parts of south-east Asia and which supplements what I will say today.

I am grateful for the opportunity to raise the issue. Hon. Members will be aware that there is a huge amount of persecution of Christians in many parts of the world. Of course, they are not alone in being subjugated, but I should like to concentrate on their plight. This follows on from a debate three years ago, which looked at the violence against Christian communities in Asia. We will look at part of Asia today, but it shows what is happening and what should not be happening.

When we examine south-east Asia and China, we can find many examples of what is happening to Christians who bear the brunt of persecution for their views. I hope to show that there is action that we can take, and it is good to see my hon. Friend the Minister for Trade present to answer. Although I will spend most of my time talking about the issues, I hope that there will be actions linked to them.

In the previous debate, my good friend the hon. Member for North-East Bedfordshire (Alistair Burt) made the following observation:

> "If a state will not respect the most intimate beliefs of individuals, it is far less likely to respect other personal rights. Religious liberty can be seen as a benchmark for how well human rights in general are flourishing."—[*Official Report, Westminster Hall*, 17 July 2002; Vol. 389, c. 95WH.]

That remains as true today as it was then, and it is worth reiterating. By standing up for the rights of persecuted religious groups, we also help to tackle other human rights abuses and promote a healthier respect for human rights across the world.

South-east Asia and China are both areas of outstanding natural beauty, and they contain a rich and extraordinary history. There is much to commend the

region, but unfortunately major human rights abuses are occurring in a number of the countries in it. Many of those human rights abuses deserve full debates in their own right, but it is important to be realistic about how much we can cover in this hour-and-a-half debate. I shall look at specific countries and specific abuses.

Human rights abuses in China are widespread, and among the most prominent is the persecution of Christians. It is true that Christians in some parts of China fare better, or less badly, than those in other parts. Christians who belong to the state-controlled Protestant and Catholic Churches are tolerated to a much greater degree than those who follow other Christian religions. To achieve that tolerance, however, they must sacrifice some of their beliefs and activities. For many Christians, that is too high a price to pay. These Christians, of whom the most conservative estimate is that there are tens of millions, have decided that forming and running underground Churches is the best way to practise their faith while remaining true to the fundamentals of that faith. That decision should be their right under international law, but the reality is very different. I hope that the hon. Member for Preseli Pembrokeshire (Mr. Crabb) will allude to that if called to speak in the debate.

Christians in Vietnam and Laos have long suffered systematic persecution at the hands of the Communist Governments there. Those authorities perceive Christianity as a threat partly because they see it as a foreign religion and partly because Christians tend to give their primary allegiance to God rather than the state. At the same time, however, Christians are very loyal members of those communities and good members of those states. A related factor is that those Governments tend to see all religion as a competitor with the communist ideology for the hearts and minds of their peoples. In the eyes of the dictators, politicians and officials who subscribe to that view, there should be only one winner—the state—so there is brutal repression of views that do not necessarily correspond to the mainline view.

To be fair, I should point out that the situation in Laos has improved somewhat and the central Government there have a more relaxed attitude to Christianity than they used to have. However, local authorities in some parts of the country are still eager to persecute Christians.

There are examples of persecution of Christians in other countries in the region. In Burma, there have been instances of Christians in the Karen and Karenni ethnic groups being forced by State Peace and Development Council troops to destroy their churches and build Buddhist temples instead. There are many causes of the persecution of ethnic minorities by the SPDC, but one subsidiary cause appears to relate to religion.

In the Philippines, although religious freedom is widespread and established, Christians occasionally suffer at the hands of Islamist terrorist groups, such as the Abu Sayyaf Group and the Moro Islamic Liberation Front. For example, in 2003 the MILF attacked a Christian town in M'lang in North Cotabato, killing five people.

Even in Malaysia, which has a long record of religious tolerance, the Iban-language Bible was temporarily banned by the Government in 2003, and four Malays from Kelantan were imprisoned twice, in 1992 and 2000, for renouncing Islam.

In Indonesia, more than 8,000 Christians were killed in violence at the hands of Islamists in parts of the country in the period from 1999 to 2003. I am pleased to note that the situation in Indonesia is now much improved. However, three Christian women have just been arrested on charges of Christianisation in west Java. More than 100 Mujaheddin militants have regularly attended the court hearings for their trial, freely shouting death threats in the court. These incidents are, of course, very worrying.

Today, however, I shall focus on Vietnam. Official ideological opposition to religion in Vietnam remains systemic. The terminology and tone of Government documents and actions on religion show continued Government suspicion of religion in general and Christianity in particular and an assumption that religious people are unpatriotic. I know this from my own dealings with the regime in Vietnam. I was able, with Lord Chan, to go on a lobby—I think that that is a fair description of it, although some would see it as a bit more robust than that. We were outside the Vietnamese embassy. Representatives of the regime refused to meet us, but we indulged in some correspondence. I have the letter here, which I think it is fair to say roundly denounces us for our association with Christian Solidarity Worldwide and for raising certain issues with them—there was not much of a meeting of minds.

Protestant leaders say that the Government plan to eradicate Christianity, frequently stressed by hard-line local officials, continues gradually but steadily. All villages and hamlets have a constant military and/or police presence, which is often used specifically against Christians. The following quote helps to show that. Rev. Tran Mai, general director of the Inter-Evangelistic Movement of Vietnam, says:

"I recommend those who travel to Vietnam and those who serve as diplomats should go to remote villages to see the sport of 'eradicating religion' being played by the Communist Party of Vietnam. They could then see the security police and soldiers playing their special role of living among the citizens who believe in God, sleeping in the house of Christian citizens, spying on citizens who believe in God—how completely strange! In a country that is at peace already the army is still scattered through hamlets and villages. Why? Because of the [Christian] faith, because of Jesus Christ, that's why—because the government wants to obstruct and eliminate the [Christian] faith."

There are many other reports that I could mention. In Vietnam, there are some awful cases of the most direct action against Christians. For example, bulldozers, tractors with ploughs, and saws and hammers have been used to destroy plantations that are owned by Christians. The Government prevent Christians in many parts of Vietnam from receiving international foreign aid for poverty alleviation and for disaster relief. There are examples of children being expelled from school because they are Christians. Anyone who is a Christian believer who buys land, or a house, or tries to cultivate a field, will have a hard time getting local officials to sign the papers. There are also regular and systematic attacks on house churches in Vietnam, as a result of which people are often denied personal ID

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cards and family residence papers, which means that they are very likely to suffer attack. The security police work constantly against those who profess the faith. There are many examples of house church leaders being put at significant risk because of what they have said and done.

In the central highlands, from September 2002 to date, Government campaigns have forcibly disbanded many hundreds of local churches and have sought to force Christians to renounce their faith. Nearly 300 Christian leaders are known to have been arrested and incarcerated. At least 60 Protestant leaders, including eight regular pastors of local churches, languish in the infamous Ba Sao prison in Nam Ha province; all have been given long prison sentences.

In Dak Lak, a province where travel is restricted for residents and visitors alike, the state recognises only four Christian groups, which meet in the homes of certain pastors. Christian leaders report that there are 439 meeting places in the province, but four out of 439 is less than 1 per cent. The pastors of the four groups supposedly recognised by the state are not even free to visit their own parishioners without getting official permission.

Christian leaders in the province say that the vast majority of the approximately 150,000 Protestant Christians must now practise their faith underground. Worship, teaching, baptisms and the observance of holy communion must be done out of sight of the authorities. That situation is replicated in many other areas.

In Dien Bien province, which is well known because of the 1962 battle that took place there, in which the French were roundly defeated, Pastor Thao Chu Gia reports that in December 2005, the local chief of police, the chairman of the commune and more than a dozen police officers

"arrested us and tried to make us deny our faith and build a spirit altar, worship the spirits and drink liquor. We refused."

He continued:

"After that the police summoned one family at a time and tried to make us deny our faith, and because we would not comply they swore at us and beat us many times. Because of the severe beatings five families agreed to deny Christianity, build a spirit altar and worship spirits."

Police officers and district and provincial Government officials are spreading the word in Dien Bien province that they will completely eradicate Christianity from Vietnam. That situation is matched in Lai Chau province and Hai Phong city.

I shall finish this point and then make some more general points about how Christians are treated in south-east Asia. I have asked a number of parliamentary questions about the subjugation of the Vietnamese Mennonite Church. The incidents have included summoning individual Mennonites to police stations where they are interrogated and attempts are made to force them to renounce their Christianity. A prominent Mennonite pastor, Pastor Quang, was arrested in June 2004 and the state-controlled media began a campaign of vilification against him. Le Thi Hong Lien was arrested with him; the torture and abuse that she suffered in prison led to her complete physical and mental breakdown and even then she was still beaten by police.

Another Mennonite pastor, Nguyen Van Phuong, completed his one-year sentence on 3 March and was duly released from prison. He, too, issued a report about the abusive treatment he received in prison, detailing severe beatings, threats during interrogation and forced labour. All the reports say the same thing: that they are subject to enormous mistreatment because of their faith.

We ask the Minister to talk to the authorities in Vietnam about the unacceptable treatment, and I hope he will respond to that request. Vietnam is party to the international covenant on civil and political rights—the ICCPR. Article 18, which closely mirrors the same article of the universal declaration on human rights, is especially relevant. It states:

"Everyone shall have the right to freedom of thought, conscience and religion. This right shall include freedom to have or to adopt a religion or belief of his choice, and freedom, either individually or in community with others and in public or private, to manifest his religion or belief in worship, observance, practice and teaching."

We ask the Minister to raise the issue directly with the Vietnamese authorities to make it clear that there is documented evidence of mistreatment of people in their community trying to practise their religion, which the Vietnamese have signed up to, and of those who have been arrested as a result of their religion. We should be taking up such cases and telling the Vietnamese authorities that we know what is going on and that they must desist.

In November 2004 Vietnam changed the ordinance regarding religious beliefs and religious organisations, which brought additional fears because the state is institutionalising some of the actions that it can take against Christians. We wish the Minister to take up with Vietnam the implications of that ordinance and the instructions based upon it. That is a concrete action that he can take.

I have used Vietnam as a touchstone, an exemplar of what is happening to Christians in that part of the world. Other hon. Members will allude to Christians in other countries where there are serious problems. This is not just about people's ability and right to profess their faith and in community with others to demonstrate that faith but also about human rights, the right that they should have to know that what they want to do they should be able to do, with support from the state but also with the knowledge that they will receive protection from those who clearly wish to try to eradicate their views. They should certainly not have to fear being attacked by the state.

I am making these points not just because of my religious faith, which is important to me, but also because of my interest in human rights. This issue concerns human rights abuses and it should be as important as the abuses in Burma and Tibet. Those of us who are members of the two groups that campaign on these issues rightly take up what is happening with the authorities involved. When the Chinese or Burmese authorities make statements that try to justify what they are doing, we argue against them and say what is really going on.

I should like the Minister to take up a vigorous stance now on behalf of the Government and consider in particular cases such as that of Pastor Quang, who was arrested and suffers daily subjugation in prison.

We should see Vietnam for what it is. Our duty in this place is to make representations and try to get the regime to reform; it is desperately in need of that.

2.50 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I am grateful for the opportunity to speak in this important debate and I congratulate the hon. Member for Stroud (Mr. Drew) on his excellent opening speech. I should also like to put on the record my congratulations and thanks to my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes), who was successful originally in securing this debate. We wish him a speedy recovery and give him our best wishes.

I want to focus on the situation in China. There are quite a few concerns about human rights abuses in China, one of the most significant of which is religious persecution. The Chinese Government seem to regard religion as a threat to their power. As a result, they place severe restrictions on religious activities and seek to control them. They also seek to eradicate religious activities that are not Government-controlled through the Chinese State Council's religious affairs bureau. Religious groups that refuse to accept the control of that bureau face severe consequences, including, I understand, heavy fines, repeated arrest, interrogation, torture and incarceration in prison or labour camps.

A number of religions face discrimination and persecution in China, including Protestant and Catholic Christianity—other than the official state-controlled versions of each—Tibetan Buddhists, Uighur Muslims and the Falun Gong, whose practitioners have also faced severe persecution, although they do not claim it to be a religion.

I should like to focus in particular on the persecution faced by the unregistered, unofficial Christian Churches, both Protestant and Catholic. Although exact figures are hard to come by, it is estimated that tens of millions of Christians belong to such underground Churches. They regard the official state-controlled Churches as fatally compromised and unable to function and flourish as true Churches. In the state-controlled Churches, preaching about Christ's second coming, his resurrection and miracles—all of which are part of the fundamentals of the Christian faith—is forbidden. That helps to show why the underground Churches feel as they do.

The situation of unregistered Christian groups in many parts of China has worsened since the introduction of new regulations on religion at the beginning of March. As was widely feared, they are being used as a pretext for increased pressure on religious groups that are not registered. A good example of such repression is a recent incident in Jilin province. The crackdown there began on Sunday 22 May at about 5 am when about a dozen Chinese police burst into the home of the house church leader Zhao Dianru and arrested him. His house was searched, even though no warrant had been shown, and he was taken away and detained in Jiutai city detention centre in Jilin province. He was kept there until 6 June, when he was released.

Zhao is a prominent local house church leader who oversees about 18 churches in the area. He was recently asked to join the Government-sanctioned Church three times, but he declined each time. According to reliable sources, his arrest document accused him of using other means to instigate and disturb social stability, but did not mention religion or Church activities. About 20 boxes of Christian books were confiscated during the police raid.

Meanwhile, according to reports, police and public security bureau officers simultaneously raided about 100 churches in the area of Changchun, the capital city of Jilin province, and nearly 600 house church Christians were taken into custody. Most were released after interrogations lasting between 24 and 48 hours. However, at present, about 100 of the leaders of such house churches, including professors at Changchun university, remain in custody in various detention centres.

It is reported that large proportions of the congregations of the independent unregistered Churches that have been targeted are drawn from among university students, professors and young intellectuals. It is thought that the campaign is co-ordinated to rid the university areas of house church influence. Just more than a week earlier, on 13 May, 20 house church leaders were arrested while conducting a Bible training class at Pinglu county, Shanxi province. Among them were two well-known local house church leaders, Pastor Zhang Guangmin and Elder Li. Although most of those arrested were released almost immediately, Pastor Zhang and Elder Li were held for two weeks and one month respectively at Pinglu county detention centre before they were released.

On 24 May, three female house church believers were arrested by four Public Security Bureau officers at Yiyang county, Henan province while visiting a Christian leader's home. Miss Liu Lianying, Miss Xue Haimiao and Miss Zhang Xiulan were all released after extensive interrogation at Yiyang county detention centre. None of them were given or shown any arrest-warrants or release papers. They were accused of attending a religious black hole, which was a reference to their attendance at house churches. According to an eye-witness report, the three women were brutally beaten. Miss Liu Lianying was released before the other two women because the beatings caused her to suffer a heart attack.

Last month, several hundred house church Christians were detained at Xinjiang construction military corps. The corps consists of several large paramilitary units and was sent to the remote north-west province by the Chinese Communist party in the 1950s to suppress the so-called rebellious Muslims, who resisted the communist occupation. After suppressing the Muslims successfully, members of the paramilitary units along with their families were ordered to stay in the area and become civilians. Many have since become Christians and secretly hold house church worship services at their homes. According to a representative of one group of house churches there, the local authority has clamped down increasingly on them over the past three years with punitive measures, such as imprisonment, deduction of welfare payments and arbitrary fines if they were found believing a religion.

A few weeks ago on 24 June at about 8 am, while house church leader Pastor Chen Dongming was leading a church leadership training meeting at his home in Hezhai village in Henan province, more than

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50 Chinese police and public security officials raided and searched his house without a search-warrant. They had first surrounded the entire village, as if they were hunting dangerous armed criminals or terrorist suspects. Instead, their target was a harmless, middle-aged Christian pastor who was doing nothing more than trying to serve God. After bursting into the building, the security officers conducted thorough body searches of each of the pastors—both men and women—and then arrested Pastor Chen and others. Private property, including cash, chairs, TVs, books, blankets and rice, was confiscated and carried away by police trucks.

In raids around the same time, about 100 pastors from several major cities in the province were taken away and detained at Qi county detention centre. While most of the pastors were released later the same day after intensive interrogations, nine of them, including Pastor Chen Dongming, remain in jail. One pastor who was released said that they were accused of engaging in an illegal religious gathering.

Meanwhile, even before the crackdowns based on the introduction of the new regulations in March, Christians were continuing to suffer in many parts of China. Among the many Christians in detention, Pastor Zhang Rongliang is a figure of particular concern. He is the leader of the China for Christ Church, which is estimated to have about 10 million members. He is one of the most prominent house church leaders in China and has been featured in *Time* and *Newsweek* magazines. He was arrested on 1 December 2004 in Xuhai village, Zhengzhou in Henan province. The arrest was followed by wide-ranging raids on other churches in the area. His family all fled into hiding.

Pastor Zhang, who is 53 years old, suffers from serious diabetes and there are particular worries about his welfare and safety. He had been wanted for his religious activities for many years and has already spent 12 years in prison for his faith during five separate detentions. He suffered severe torture during those detentions and, according to the last report that was received about his whereabouts, it appeared that he was being held incommunicado in the Jinshui area in Zhengzhou.

There are real fears for Pastor Zhang's health and whether he will be able to endure the mistreatment that he is likely to be facing. The likelihood of renewed torture has been increased by his international profile and because he is the leader of a large house church network. The Chinese authorities are afraid of large religious groupings and label them as evil cults. That is done even when the groups are part of mainstream Christianity, with no theological deviation.

The account to which I shall now refer gives a graphic example of the brutal way in which many Christians are treated while being held in detention in China. It consists of a few brief extracts from an account by Liu Xianzhi of a series of interrogations that she underwent between 27 May and 9 June 2001. She delivered the account at a gathering of the National Press Club in February. She could not make public her sufferings much earlier, as following her interrogations in 2001 she was sentenced to three years of hard labour, and she was released only last year. Although her sufferings occurred several years ago, they are still relevant today for two reasons. First, they are based on a recent account, so they have not been in the public arena for long and need to be aired. Secondly, and more importantly, they provide a good summary of the sort of suffering that many Christians are undergoing in detention in China.

Liu was a committed member of the South China Church, and her accusers were trying to force her to incriminate her pastor, a well known Chinese house church leader. Liu says:

"Two men came and held me down by the feet and two others came and shackled me. They told me to run up and down the room. As I ran they all started making crude remarks about me. One of them said that I had slept with Pastor Gong. I was deeply upset to have such a thing said and it cut right into my heart. It was very tiring to run and when I stopped one of them came and took a clothes hanger and hit my toes until they were swollen. Another hit me from the back. As I was trying to move forward one of them stood on my shackles so I fell forward. As I was on the floor another came and took me by the hair and flung me to the wall. I had to walk so much that I started to bleed, leaving a trail of blood on the floor. After a while I really could not move any more. The shackles had cut deep into my ankles causing extreme pain. I still have the scars from these wounds today. Eventually the pain was so unbearable that I could not take it any more and I passed out on the floor."

She continues:

"Two men came and grabbed my shoulders and started to fling me around, dragging the lower part of my body on the floor. They violently threw me to the ground . . . The chief of police said he had orders giving him the authority to do all he could; even beat me to death, and that even if I complained it would do no good. He told me, 'We have dug a ditch outside especially prepared for you. After we beat you to death we will bury you and no-one will know.' . . . He told me that if I did not confess that day he would not let me die easily. I said I would never falsely accuse someone. He used his leather shoes to kick my mouth, saying I was stubborn and would not talk. Then he continued to grind his shoe on my hand . . . When the pain was so excruciating, one of them took my arm and put a pen in my hand and tried to move my hand to sign on a piece of paper."

It is important to put extracts from this account on the record.

The Catholic Church is also heavily persecuted in parts of China—I am referring, of course, to the underground Roman Catholic Church rather than the Government-controlled Chinese Patriotic Catholic Association. The Chinese Government consider the underground Church to be an illegal organisation. Its activities must therefore be conducted in secret. Penalties for belonging to the underground Roman Catholic Church include exorbitant fines, imprisonment, house arrests, beatings and internment in labour camps. Bishops from the underground Catholic Church have been targeted by the Government. For example, Bishop Su Zhimin, the unofficial Bishop of Baoding, Hebei, was arrested in 1996. He escaped and was rearrested in 1997. He was then not heard from or seen for six years. Finally, in November 2003, he was seen by chance in a hospital in Baoding. As soon as the authorities discovered that he had been seen, Bishop Su was spirited away again and disappeared. He has not been seen since. Inquiries to the Chinese Government from various United States Government agencies and non-governmental organisations about Bishop Su's whereabouts and well-being have never been answered satisfactorily.

Bishop An Shuxin, the unofficial auxiliary Bishop of Baoding, was arrested in 1996. He has been seen only once since then, when, several years ago, he was permitted to go home to visit his elderly mother. It is not known where he is today, or even whether he is still alive.

Bishop Han Dingxiang, unofficial Bishop of Yong Nian, was arrested in 1999. He is elderly and in bad health, but he has been kept in detention for the past six years. Bishop Shi Enxiang, unofficial Bishop of Yixian, Hebei, was arrested in 2001. He is now over 80 years of age, and he has been detained for the past four years. Bishop Gao Kexian, unofficial Bishop of Yantai, Shandong, was arrested in October 1999. His whereabouts were unknown until he died in jail in January.

Currently every one of the approximately 50 bishops of the underground Roman Catholic Church is in jail, under house arrest, under strict surveillance or in hiding. One of them was rearrested just a few days ago. Bishop Jia Zhi Guo, the underground Roman Catholic bishop of the diocese of Zheng Ding in Hebei, was arrested by two Government officials at his home on 4 July. He was driven away to an unknown location. The Government officials telephoned him in advance to notify him that he was being picked up. They ordered him to tell people that he was being taken away to visit a doctor. However, he is not currently sick and there is no need for him to visit a doctor. He is 70 years old and was ordained as a bishop in 1980. He was previously in jail for approximately 20 years and has been under strict surveillance for many years. He takes care of approximately 100 handicapped orphans in his home. He has been arrested several times since January 2004.

In September 2004, the prominent Beijing house church leader Pastor Cai Zhuohua was abducted by three plain clothes officers, who were believed to be from the state security bureau. Shortly after his abduction, his wife, sister and brother-in-law were arrested while in hiding. Pastor Cai's wife has a prominent role alongside her husband in the Beijing house church leadership. What was his crime? Pastor Cai had allegedly run a printing business and used it to print about 200,000 copies of the Bible and other Christian literature, while making a profit out of it. Officially, only one publisher, belonging to the officially sanctioned Three Self Patriotic Movement, is allowed to publish and print a limited number of Bibles and other Christian books. The strict regulation does not allow the production of sufficient Bibles to meet the high demand of the house churches. Sources close to Pastor Cai's churches insisted that the confiscated material was solely for internal house church use and that he had made no profit from it whatsoever. The conditions of strict controls on the house churches made such production necessary.

The abduction of Pastor Cai, the arbitrary detention of his wife and relatives, and the use of torture during interrogation to extract a confession indicate clearly that the Chinese authorities did not follow proper procedure during the prosecution of the case. Pastor Cai was finally put on trial a few days ago. The trial lasted only half a day. I understand that the verdict has not yet been announced. The authorities seem to have gone out of their way to be obstructive. Nine lawyers had volunteered to be part of Pastor Cai's legal team, but only five were allowed in court. His family and friends were originally told that they would be allowed 10 seats in the court, but only three were permitted. The US embassy sent an observer to the trial but they were denied access. Only one defence witness was allowed. During the trial, Pastor Cai pointed out that the confession his interrogators claimed he had given consisted of statements that they had written. He had not seen the statements and he was forced by torture to sign. Three other accused Christians at the trial said that they signed their confessions under threat of torture.

The Chinese Government have attempted to fob off criticism by arguing that it is not a religious trial but an economic one. However, as one of Cai's lawyers said:

> "The court should not be used to oppress religion and religious freedoms, but the authorities are always using economics as a pretext to deal with religious and political issues."

The verdict in the case will be announced at some point in the future. Sources say it could be a week or it could be a year. It is believed that the Chinese Government will try to find a time when political fallout from the decision will be least.

The cases that I have described are illustrative, but they are only the tip of the iceberg. They ought to serve as a stark warning to the international community of China's willingness to disregard universally agreed international human rights obligations. The fact that Pastor Cai Zhuohua and his wife are at present languishing in prison, that Bishop Su Zhimin is still unaccounted for, that people such as Liu Xianzhi can be brutally tortured, and that Zhang Rongliang remains detained without charge—in addition to many other cases, known and unknown—sends a stark signal that China has not softened and shows little sign of doing so.

The issue of the North Korean border crossers remains a key concern regarding China's respect for human rights. When refugees fleeing North Korea are caught in China, they are usually sent back to an uncertain fate. China still refuses to accept that they are genuine refugees, despite much evidence to the contrary. Obviously, this is not primarily a case of persecution of Christians. However, even in this instance, persecution of Christians is a subsidiary issue.

A few years ago, Dr. Alan Hobson, of Christian Solidarity Worldwide, travelled to the region and interviewed some survivors who had fled North Korea. Most of them had gone through China. Those who had been caught the first time, and sent back to North Korea by the Chinese, faced severe punishment. However, they said that the North Koreans were particularly harsh on any returnees whom they suspected to be Christians; thus persecution of Christians becomes an issue in the area of Chinese human rights abuses as well. China needs to take seriously the terms of the 1951 UN convention on refugees and start dealing a lot more sympathetically with those who flee the terrible sufferings and human rights abuses in North Korea and end up in China. Despite the Chinese Government's ratification of several human rights treaties, its stated adherence to the UN declaration of human rights and a provision in the Chinese constitution guaranteeing freedom of religion and belief, China continues to commit serious violations of religious freedom and belief.

I realise that the Foreign Office has often taken a robust line on China and that the China section of the Foreign and Commonwealth Office has done a lot of good work on taking up the issue of human rights

[Mr. Stephen Crabb]

abuses with its Chinese counterparts. However, there is still much to be done. I urge renewed effort to champion the cause of persecuted Christians in China, including the cases that I have raised today, and to impress on the Chinese the importance of allowing freedom of religion in China.

3.10 pm

John Barrett (Edinburgh, West) (LD): I, too, congratulate the hon. Member for Stroud (Mr. Drew) on securing this debate and on his choice of subject. He has a strong and detailed interest in this area, as was shown by the way in which he opened the debate.

On a day when 25 innocent children were killed in Iraq and 20 more children were killed in an attack on a school in Kenya, and in a week when London suffered 50 deaths in an outrageous terrorist attack, it is clear that throughout the world persecution and attacks are taking place on people of all religions and of no religion. Today we are concentrating on the persecution of Christians in south-east Asia and China, and it is sad to say that there is persecution in many other regions of the world.

During the past few months in the lead-up to the G8 summit, the Make Poverty History campaign has understandably resulted in an international debate centred on Africa and the need for international effort in that region. During the previous Session we debated attacks on Christian communities in Africa. However, the hon. Gentleman has done us and the House a service by reminding us of the continuing need for this country, working with our allies, to help those suffering from violence and persecution elsewhere in the world—in this case, south-east Asia and China.

I come to this debate remembering that the persecution of Christians in Asia was one of the first issues that I had to look into after being elected in 2001. Days after arriving in Westminster I received a detailed letter from a constituent, who wrote specifically on the plight of Indonesian Christians in the Malucca islands. I had not come across that issue before, but the more I looked into it, the more appalled I became. It did not take much research to realise that that problem was not isolated in those islands: it affected countries throughout south-east Asia.

It should be noted that although today's debate has focused on Christianity, this problem is not isolated to that group. There is a catalogue of evidence showing that Buddhists—especially Buddhist monks—are facing imprisonment and violence, and that problem is not isolated to one country or region. This problem should concern those of all religions and those of none.

Article 18 of the United Nations universal declaration of human rights clearly states:

"Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance."

That is a clear and definitive statement that should be respected and followed, yet in many parts of the world—particularly in south-east Asia—respect for freedom of religious practice and expression is not happening.

This issue is far from being confined to one country, as previous speakers have mentioned. In China, despite a constitution that states that citizens should enjoy total religious freedom, the Chinese Government have continually attempted to restrict all religious practice to Government-authorised religious organisations and registered places of worship. The regulations, which were introduced earlier this year, have in many ways simply been used as a means of attacking those religious groups that are not registered with the authorities. Hundreds of Christian leaders remain imprisoned, churches have been raided and many followers have been forced into hiding.

Similarly, in Burma, where almost 2 million of the population are Christians, the only people allowed the freedom to practise their religion are those who are registered. Religious publications are censored, and it has been illegal to print translated Bibles. One Burmese army commander, after attacking Christian communities of Karen, was quoted as saying:

"I do not respect any religion. My religion is the trigger of my gun."

In Vietnam, which was mentioned by the hon. Member for Stroud, there continue to be major restrictions on Christian practices, religious schooling and even the charitable activities carried out by religious organisations. When some groups seek to register their church through the official channels, their church is raided and their meetings are labelled illegal. There remains a general and profound distrust of, and fundamental opposition to, religion in principle in Vietnam.

In Laos, there is ongoing Government-organised persecution of Christians, helped by the wording of the country's constitution, which allows the authorities to declare Protestant Christianity its foremost enemy.

A recent report by Aid to the Church in Need covered its investigations into persecutions in China in 2004. The report was covered by Zenit, the international news agency, which said the following:

"'During 2004 religious freedom suffered substantial and systematic violations in China,' the report observed. The Beijing government permits religious activity only by registered associations. It conceives of religion as being in the service of state security and the nation's progress. Thus, freedom of worship is not an innate right for people but a concession by the state.

New national laws on religion led to little"

or no

"real improvement: the statutes contain provisions allowing the government to arrest and imprison as common criminals those acting outside the controlled organizations.

Yet, churches continue to attract ever-greater numbers of followers throughout the country. As well, conversions to Christian groups have increased among professors, intellectuals and students.

During 2004 there was a series of arrests of clandestine Catholics practising their faith outside the recognized associations. Arrests, intimidations, compulsory participation in indoctrination courses and interrogations have been reported in"

a number of regions, including

"Fujian, Zhejiang, Inner Mongolia, Henan and . . . Hebei.

In North Korea, over the last 50 years about 300,000 Christians have vanished . . . Believers are obliged to register in organizations controlled by the Communist Party. Those who fail to comply face frequent, and brutal, persecutions. Religious freedom has yet to go global."

Another report by the same news agency described how the destruction of Catholic schools throughout Asia has become the new trend, and is aimed at suppressing religious freedom. The director of AsiaNews said that

"those influenced by religious fundamentalism . . . are no longer content with suppressing individuals; they destroy all objects and buildings linked to freedom of worship".

Those buildings are not just churches; they include schools and the homes of Christians. The aim is not just to silence the expression of faith but to prevent all social cohesion within Christian communities.

I appreciate that it is easy to document the problems. In many ways, it is much more difficult to come up with the solutions. When I was preparing for today's debate, I visited the excellent website of International Christian Concern, which lists in some detail the problems faced by Christians in south-east Asia. I noted that it provides a list of recommendations. The first suggested course of action in each country is prayer for the Christians affected. I practise no religion but respect the rights of others to do so, and I hope that the Minister will do more than just pray. I hope that he will do all that he possibly can, working closely with officials in his Department and others, to put pressure on the foreign Governments who at best allow the attacks and at worst orchestrate them.

In addition, all help must be given to those fleeing persecution, many of whom are living in camps on country borders and creating a new humanitarian challenge. I appreciate that, in many cases, the UK Government's power to influence such matters can be limited. There is no magic wand to be waved, but those difficulties should not prevent the Government from speaking out in the strongest possible terms against such atrocities or from applying as much pressure as possible on the affected countries and their Governments to change attitudes and bring about swift action.

Where the Government do have influence and scope to make a real difference is in the assistance of those who flee their own country because of religious persecution and who face challenges in a new land. I have asked the Government before about the border between Thailand and Burma, over which many Burmese people have fled, where they have lived in refugee camps. It is imperative that all help required by those people is forthcoming, whether that is food aid or, more probably, housing and medical equipment.

Will the Minister update Members on what action the Department for International Development is taking, both by itself and through the European Union, to help other displaced people within either their own or neighbouring countries? Access can be difficult, but when the UK has an opportunity to help, it would be good to know what help is offered and provided.

Many people will listen closely to the Minister's remarks today. He can be assured that he will receive strong cross-party support for the measures that he and his Government take to address the problem. It is not a new problem nor something that can be solved overnight. However, in the 21st century, violence against innocent individuals whose only wish is to practise their faith peacefully and without fear of oppression cannot be allowed to continue.

3.21 pm

Miss Anne McIntosh (Vale of York) (Con): May I take this opportunity to welcome you to the Chair, Mr. Taylor, and say what a great pleasure it is to serve under your chairmanship?

I also welcome the Minister and add my congratulations to the hon. Member for Stroud (Mr. Drew), whom I am almost tempted to call my hon. Friend. I congratulate him on securing the debate and on his well thought-out and well researched contribution. He was modest enough to say that he was third choice as proposer of the debate. I am sure that, in the Westminster Hall book, he is always our first choice.

I join my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) in recognising the trauma of the illness suffered by our hon. Friend the Member for Enfield, Southgate (Mr. Burrowes). We wish him a full and speedy recovery. He will be incredibly disappointed not to be with us today, but the hon. Member for Stroud has done justice to the debate. I also congratulate my hon. Friend the Member for Preseli Pembrokeshire on his contribution. The fact that we have had such a good and positive debate across the parties means that we can bring the subject of persecutions on grounds of faith to a wider audience.

I am sure that everyone will join me, particularly in view of the events last Thursday, in recognising the significance of the good relations and tolerance that we enjoy in our multicultural and multi-faith society. I pay tribute to, and pause to recognise, the work of the Church of England, the Catholic Church and all Christians, particularly considering that we heard yesterday that the perpetrators of last week's atrocities were home grown and came from not far from my constituency. We all stand four-square behind the Prime Minister, offering cross-party support to show that all faiths are able to stand firm against the threat of terrorism and threats to any or all faiths in this country.

Tolerance of other faiths, religions and creeds is a hallmark of modern society and benchmark of any parliamentary democracy. It is important to recognise the right of individuals to enjoy life's freedoms without fear of persecution or violation of basic human rights, and the right to worship remains a fundamental human right. The Conservative party condemns the oppression of individuals on the grounds of religious belief. As the official Opposition, we deplore the persecution of any faith and the prevention of any individual from lawfully practising their religion anywhere in the world. We monitor closely any curtailment of such a basic human right in China, North Korea, Vietnam and other parts of south-east Asia, not to forget those African countries and regions, such as Zimbabwe and Darfur, that have been discussed in previous debates.

I welcomed the announcement of my hon. Friend the shadow Foreign Secretary on the establishment of a human rights group in the Conservative party. We are dedicated to publishing an annual audit of the human rights and foreign policy development records of various Governments around the world. It will be carried out in an informed and transparent manner.

Regrettably, human rights abuses are not confined to south-east Asia and China. Last month, my hon. Friend the shadow Foreign Secretary spoke to a Zimbabwean

[Miss Anne McIntosh]

priest whose parish is at the heart of Mugabe's operation, "Drive out the trash". The priest said to my hon. Friend:

"Tell people what is happening in this country. We need the world to know about our plight."

The long history of abuses and persecution on the grounds of religion is deeply depressing. The Library prepared an excellent supplementary note for this debate. It states:

"Religious persecution in this part of the world"—

south-east Asia and China—

"has been a human rights issue for many years."

I had not previously been familiar with Wikipedia. Its entry for the persecution of Christians in China in the 9th century states:

"Tang Wu Zang (of the Tang dynasty) ruled from 840 to 846. Known as a Taoist zealot, he first suppressed Buddhism in China for its perceived excesses. He then attacked all other "foreign" religions, including Christianity. Nestorianism, the only Chinese Christian branch at that time, was virtually wiped out in China."

An entry about more recent times states:

"When Jiaqing Emperor of China declared the close door policy, Christianity suffered the first drawback. After the Opium War, Christians became a target of hatred, and many Christians were killed in the Boxer Rebellion."

Regrettably, the persecution of Christians in south-east Asia, China and other parts of the world has been going on for many centuries, but it is right that we bring it to the light, as the hon. Member for Stroud, my hon. Friend the Member for Preseli Pembrokeshire and the hon. Member for Edinburgh, West (John Barrett) have done this afternoon. It has been an excellent debate, and we have had a good discussion of the issues. I hope that through this debate we can bring those harrowing tales to the attention of the wider world.

I would like to praise and recognise the work of Christian Solidarity Worldwide, which has had a large hand in preparations for this debate. We congratulate it on its work and on the thorough research that it does in bringing issues to the attention of the wider public.

I would also like to pay tribute to the work of the Foreign Affairs Committee, particularly its fourth report, which was completed in 2005. The Library took from that report quite a few examples of multiple persecutions in China and Vietnam, and also quoted a long extract from the excellent US State Department's report on human rights. Those extracts set out the limits of religious freedom for all religions—not just Christianity—in the countries that we are discussing. In China, for example, Buddhists, Muslims and Christians have all suffered restrictions in recent years, and particular attention has been given to the Falun Gong, to which my hon. Friend the Member for Preseli Pembrokeshire referred.

I want to take the opportunity to ask the Minister what work our Foreign Office does. I am sure that he is familiar with the United States of America's State Department's annual religious freedom report. That report has documented cases of persecution of Christians in the region, particularly in China and Burma, which are the main Government offenders. There are also examples of human rights abuses by the Vietnamese Government. In Indonesia and the Philippines, Islamist terrorist groups are responsible for most persecutions. That shows, in the words of the Prime Minister today, that Islamic terrorism has gone on in many countries for many years.

With your permission, Mr. Taylor, I will leave the Minister with an extract from that excellent US State Department report at the end of the debate and ask him to comment on the well documented cases in it from the Foreign Office point of view.

The Minister will recall that, when his Government were elected in 1997, the then Foreign Secretary, the right hon. Member for Livingston (Mr. Cook), spoke about ethical foreign policy at length and at every opportunity. We hear little mention of that now. I am interested to hear what audit of abuses the Government carry out, how regularly audits are done—is it on an annual basis?—and what organisation the Government use. It is a source of some disappointment that Human Rights Watch, which has done some excellent work, has not reported on the persecution of Christians since 2000.

I also ask the Minister whether he is minded to act on the request made by his hon. Friend the hon. Member for Stroud to make representations to the authorities in China and Vietnam and to urge them to respect human rights in their entirety. In particular, the right to worship and to practice one's faith should be recognised.

I welcome the excellent debate and the contributions that we heard and place on record our condemnation of human rights abuses wherever they occur, particularly persecution on the grounds of Christianity or of any other faith.

3.32 pm

The Minister for Trade (Ian Pearson): It is a pleasure to serve under your chairmanship, Mr. Taylor. I congratulate my hon. Friend the Member for Stroud (Mr. Drew) on securing the debate. The fact that he was third choice, which he admitted, does not in any way detract from the erudite and eloquent way in which he made his contribution. I also offer my best wishes to the hon. Member for Enfield, Southgate (Mr. Burrowes) and hope that he makes a speedy recovery.

I welcome the opportunity to set out the Government's position and to respond to the points of concern that were expressed by hon. Members in the debate. I share hon. Members' deep concern about the persecution of Christians in south-east Asia and China. I recognise that it is an issue that hon. Members and many people in the United Kingdom feel deeply about. I have been a Foreign Office Minister for about two months and from my mailbag I already know about the strong interest that hon. Members have in the subject. First, I will set out some general observations.

Promotion of human rights, including freedom of thought, conscience and religion, lies at the heart of our foreign policy. We condemn cases where individuals are persecuted because of their faith or belief, wherever it happens and whatever the religion of the individual or group concerned. Persecution is frequently counter-productive. Rather than crushing religious belief, it often has the opposite effect and inspires people. For

example, the Chinese Christian Brother Yun, while suffering in prison in Burma in 2001, saw himself as a seed

"ready to spring to life and to produce a harvest that will feed many."

It is, in my view, important not only to condemn persecution but to take action on a case-by-case basis. A large number of cases have been raised and I will refer to some of them. I will ask for further information on the others so that we can take them up. We raise our concerns in relevant international forums such as the United Nations Commission on Human Rights. We raise specific cases of religious persecution both bilaterally and with our EU partners. We take every opportunity to urge states to promote tolerance and mutual respect and to protect religious minorities against discrimination, intimidation and attacks.

In general, we believe that dialogue with individual countries, wherever possible, is the best way to achieve our goals. Foreign and Commonwealth Office officials, both here and overseas, work closely with representatives of religious groups and non-governmental organisations, such as Christian Solidarity Worldwide. I pay tribute to them and acknowledge the work that they do in this field.

I want to discuss how that works in practice and mention some of the specific cases that have been raised by hon. Members. My hon. Friend the Member for Stroud set out a number of alleged instances of persecutions of Christians in Vietnam. I share his concerns over any instances where individuals are persecuted or victimised for their faith. We are particularly concerned about the situation of the many unofficial churches in Vietnam, which can be the focus of abuse and mistreatment, particularly by local officials.

I assure hon. Members that human rights, including freedom of religion, is firmly on the agenda in our relations with the Government of Vietnam. We have an open and frank dialogue with Vietnam over human rights, including freedom of religion, both bilaterally and with our EU partners. For example, on 22 March my predecessor, my right hon. Friend the Member for Paisley and Renfrewshire, South (Mr. Alexander), raised the issue in this very House with the President of the Vietnamese National Assembly.

As part of our regular EU-Vietnam human rights dialogue, on 7 June the EU, including the UK, pressed the Vietnamese Government on freedom of religion, restrictions on religious organisations and the situation of Protestant groups. We have urged Vietnam to guarantee in practice the right of all religious groups to practice their faith freely in a community.

I believe that international pressure, including by the UK and the EU, is having some positive effect. Vietnam is now moving in the right direction on religious freedom. The US ambassador for international religious freedom, Ambassador Hanford, has recently recognised that and there is now positive engagement between the US and Vietnam on the issue of religious freedom. The Vietnamese authorities have recently eased restrictions on officially recognised Protestant groups and granted recognition to a number of new congregations.

Relations between Protestant groups and the authorities have shown a modest improvement. For example, the new ordinance on belief and religion published last November, and the prime ministerial instruction on Protestantism in February, are steps forward. We hope that they will lead to the recognition of more Protestant groups, so that those groups can worship free from official harassment. I agree with my hon. Friend the Member for Stroud that the implementation of those new regulations is a key issue.

The EU list of prisoners and detainees of concern enables us to raise specific cases with the Vietnamese authorities. Seven of the 17 cases on the list are religious figures. So far in 2005, nine persons on the list have been released. We welcome that, but we will continue to press the Vietnamese Government for progress on the remaining cases on the EU list, as we did most recently on 7 June. Pastor Truong's case, which we are well aware of, was raised. We share the concerns that have been expressed in the debate over his treatment and are particularly concerned at reports that he has been given drugs. At our suggestion, he has recently been added to the EU list of prisoners and detainees of concern. His case was raised on 7 June. We have also asked to meet him and are awaiting a response.

My hon. Friend also raised the case of Miss Le Thi Hong Lien. We welcome the Vietnamese Government's decision on 26 April to free Miss Lien. We are aware of reports that since release she has faced further harassment, but is still free. We continue to monitor her case.

We remain in touch with the Vietnamese authorities about Pastor Quang's case and those of his Mennonite colleagues, such as Pham Ngoc Thach. Our request for attendance at Pastor Quang's appeal in April was denied, but we will continue to monitor and raise his case. My hon. Friend argued that the EU should have been stronger on the case of Pastor Quang. I assure him that we have ensured that the case is very closely monitored by the EU, and the Vietnamese authorities are well aware of our concerns and interest in the case. We hope that the positive developments that we have seen in recent times will continue.

I shall now turn to the case of Christians in China, and I address the comments made by my hon. Friend the Member for Stroud and the hon. Members for Preseli Pembrokeshire (Mr. Crabb), for Edinburgh, West (John Barrett) and for Vale of York (Miss McIntosh). The UK Government are concerned about the freedom to practise religion in China and follow developments in this area carefully. We raise our concerns at every appropriate opportunity.

As hon. Members will know, the Chinese state constitution permits freedom of religious belief and we acknowledge that the number of people practising religion in China, including Christianity, has increased greatly in recent years. Reports suggest that there are more than 140 million official religious believers in China and that some 21 million people practise through official Protestant and Catholic churches. However, it is very clear to us that the Chinese Government and the Communist party want to control strictly religion in China. That is done through a number of mechanisms: state registration of all churches; state approval and vetting of all religious personnel; and strict controls on the publication of religious materials. In our view those and other sorts of controls seriously undermine, and in some cases effectively deny, the freedom to practise religious belief in China today.

[Ian Pearson]

We receive regular reports about the harassment of unofficial Christian groups in China—many such cases have been mentioned today—that cause us grave concern. In September 2004, Foreign and Commonwealth Office officials raised concerns with Chinese Government officials about the mass arrests of unofficial Protestant church leaders in Xinjiang, Kaifeng, and Wuhan and about the detention of several members of the Baoding diocese clergy.

Of course, sometimes people who are detained by the Chinese authorities are released quickly, but others are held for long periods and are sentenced to terms of re-education through labour or sent to prison. We have received credible reports of torture and abuse of such people in detention. Chinese officials tell us that people are never arrested for being religious believers and that a person must always have done something else to warrant punishment, but in our view there are people in prison in China for doing things that we consider to be the peaceful and legitimate expression of their religious beliefs. Chinese Catholics who, for example, recognise the authority of Rome rather than the Chinese Communist party should not, in our opinion, be harassed or imprisoned.

We have raised, over the years, a number of religious cases of concern with the Chinese authorities, including most recently that of Pastor Zhang Rongliang. Foreign Minister Li and my right hon. Friend the Foreign Secretary spoke about this case during his visit to China in January. We continue to urge that Pastor Zhang has access to a legal adviser of his choice and, if he has to stand trial, that the trial should be open.

The hon. Members for Preseli Pembrokeshire and for Edinburgh, West referred to the new regulations on religion that China introduced in March 2005. The regulations reaffirm restrictions on religious practice and maintain the requirement for all religious groups to register. Penalties are set out for non-compliance. There is an appeals mechanism that may allow local authorities that take a particularly hard line on unofficial believers to be challenged. However, our assessment is that those regulations are aimed primarily at limiting and controlling the development of religion. We do not expect that the situation of unofficial religious believers will improve.

The hon. Member for Preseli Pembrokeshire raised a number of cases, and I shall refer to some of them. We are aware of the case of Jilin province: indeed, Christian Solidarity Worldwide notified the Foreign Office of it. We are monitoring the situation, and our embassy is making inquiries about the incident.

The hon. Gentleman also raised the situation of Pastor Cai Zhuohua, who leads an official church and appeared in court on 7 July accused of illegally printing more than 200,000 bibles. He has been charged with illegal business practices, and the case has been adjourned without a verdict. Again, we are closely monitoring that case. We had 10 religious cases drawn from different backgrounds on the list of individual cases of concern that we handed to the Chinese Government as part of the UK-China human rights dialogue in June. The cases include that of Bishop James Su Zhimin, which was also raised by the hon. Gentleman.

We monitor the situation in China carefully, and we raise incidents and cases with the Chinese authorities, through the human rights dialogue, through ministerial activity and through our support for EU activity. We are always willing to consider action when we have specific information. My officials have heard his speech and the particular cases that he raised. We shall require further information, and I am sure that they will approach either him or Christian Solidarity Worldwide about these matters.

Mr. Drew: I thank my hon. Friend the Minister for giving way, and for the kind offer that he has made. Will he also make a special effort for the North Korean Christians who have made their way to China and who are always under threat of being returned to North Korea? I know that the six-party talks are largely about security issues, but North Korea must understand that it must have a realistic approach to human rights. One way to ensure that is to put pressure on China.

Ian Pearson: I understand entirely what my hon. Friend says. I raised the issue of human rights when I visited China last week and spoke to the Vice-Foreign Minister. Coincidentally, I had a meeting with the ambassador of the Democratic People's Republic of Korea only this morning, and I made strong representations to him about general human rights issues and about how they treat their people.

One case brought to our attention by NGOs is that of Jiang Zongxiu. She was allegedly beaten to death in police custody on 18 June 2004 after she was arrested for handing out bibles in Guizhou province. It is clearly unfortunate that Jiang was arrested at all, but one positive aspect of the tragedy—if there can be a positive aspect—was the openness with which the Chinese official press reported her death. The UK Government welcomed that openness and the steps taken later by the Chinese Government to tackle torture. However, as I mentioned in a recent debate in the House on Tibet, more transparency would help to transform the situation for vulnerable prisoners in China and for the policemen and the prison warders who look after them. Our experience in the UK has shown that transparency helps to improve the situation radically, and we hope that China will bear that in mind.

I want to assure the House that the UK Government regularly raise concerns about the freedom to practise religion in China. On 6 June in London, at the most recent round of the UK-China human rights dialogue, which is a bi-annual, high-level Government exchange, we had an exchange about religion. We shall hold our next human rights dialogue with China in the autumn, when we lead the EU-China human rights dialogue.

Ministers and officials also raise human rights concerns, including religious issues, with Chinese counterparts at every available opportunity. I did so last week. I have raised our concerns with the Chinese ambassador to the UK, and we shall regularly press China about its progress on the ratification of the international covenant on civil and political rights, which contains provisions about freedom of belief, freedom of assembly, and the prevention of torture.

Miss McIntosh: What audit do the Government carry out? How dependent are they on non-governmental

organisations rather than the resources of the Foreign Office? I have listened carefully to what the Minister said about his discussions with individual countries, and they are very welcome. However, what audit do the Government separately carry out?

Ian Pearson: I shall answer the hon. Lady's question, which she raised during her contribution, but I shall talk first about other issues that have been raised, such as those of Laos, Burma and Indonesia.

Our contacts with the authorities in Laos are limited; relations are covered by our embassy in Bangkok. However, we regularly raise with the Laos authorities our concerns about the persecution of Christians. Only last month a representative of the British embassy in Bangkok raised the issue with the Ministry of Foreign Affairs in Vientiane.

We also regularly raise the situation of the Hmong people with the Laos Government; most recently, that was done by an official from our embassy in Bangkok. Like the UN Secretary-General, we welcome reports that those Hmong people recently coming out of remote areas have been treated humanely, and we call on the Laos Government to continue to provide the necessary humanitarian assistance to them.

A number of hon. Members raised the situation in Burma. I agree that there remain instances of restriction on the right to exercise freedom of religion in Burma, and we have condemned that in successive, highly critical UK and EU-sponsored UN resolutions—most recently in April's United Nations Commission on Human Rights resolution on Burma, which expressed grave concern at discrimination and persecution on the basis of religious or ethnic background.

We are very concerned that offensives continue in Karen state, despite ongoing ceasefire talks with the Karen National Union. The Burmese Government are well aware of our concerns about human rights abuses in the ethnic minority areas. Most Burmese Christians are able to follow their religion relatively freely, but their freedom of assembly and expression are severely curtailed, as is that of other groups in Burma.

Our views on the human rights situation in the country are extremely well known and we will continue to press the Burmese Government to improve human rights. However, our simple trouble is that the Burmese authorities show no great willingness at all to listen to the representations that we and others make. We will continue to work with our EU partners and throughout the international community to promote national reconciliation in Burma so that all faiths there can live freely. We shall continue to put what pressure we can on the Burmese authorities to ensure that they address the issue of human rights, as they are clearly not doing at the moment.

The hon. Member for Edinburgh, West and my hon. Friend the Member for Stroud raised the issue of religious freedom in Indonesia and the case of three women recently arrested there. Members of the British embassy in Jakarta are looking into those reports. We have not been able to verify them so far, but will continue to look into the case. Together with our European partners, we are in regular dialogue with the Indonesian Government and we encourage them to ensure religious freedom, to maintain law and order and promote reconciliation in areas of conflict.

We have regular contacts with NGOs, including Human Rights Watch, on the human rights situation in China, and we take their concerns very seriously. They have a part in the UK-China human rights dialogue in that we give them feedback on how that dialogue goes.

The hon. Member for Vale of York raised the question of what auditing we do and gave the example of what is done in the States. We produce an annual human rights report, which is an extremely well researched and thorough document, drawing on a wide range of reliable sources, not just the Foreign and Commonwealth Office and our embassies and consulates. Last year it ran to more than 400 pages. This year's human rights report is due to be published this month. I can assure hon. Members that it covers religious persecution in south-east Asia and China, as well as human rights abuses in all other parts of the world.

Let me finish by assuring hon. Members of the seriousness that the Government attach to human rights abuses in south-east Asia and China. We take every appropriate opportunity to raise human rights abuses both bilaterally with the relevant countries and working with our EU partners and through all relevant international forums. We have a proud and strong track record when it comes to raising human rights issues, and we will continue to do that while we are in government.

Development (Basingstoke)

3.56 pm

Mrs. Maria Miller (Basingstoke) (Con): I initiated this debate because the problems associated with development are an important issue facing my constituency today, and it truly resonates with many other communities throughout the south of England. It was also an important issue during the general election campaign. There was overwhelming concern that house building plans are not necessarily achieving the Government's objective of providing affordable housing and that the scale of their development plans and what they are imposing on Basingstoke, as well as throughout Hampshire and the south-east, are leaving local services struggling to cope with the extra demand. That concern has also been somewhat heightened by a recent South East England regional assembly consultation on further increasing the Government's house building targets in the south of England.

Basingstoke is a great place, and I can understand why more people want to live in my constituency. Location is everything, and Basingstoke is in the right place, being near the capital and the European markets. It is one of the bigger employment centres in the south of England, and it retains an attractiveness as a place to live and a place in which to work and set up a business. Growth has been a good thing for our communities, but at a pace that is sustainable and set by local people with the best interests of Basingstoke at heart. There is a fine line beyond which overdevelopment becomes a burden to communities if investment in local services is not forthcoming. So, we have a responsibility to ensure that services receive the investment they need to cope with that change.

Deep concern has been expressed that, in the past few years, the switch from local control of development to centrally determined house-building targets might be forcing the pace of house building in the south-east beyond what is sustainable within our community. We are starting to see worrying signs of overdevelopment, and the funding of services is simply not keeping pace with that change. I initiated the debate today to highlight that and to call on the Government to change their approach. I also want to reassure my constituents that the Government will listen on how they want their community to develop.

As the Minister will be aware, house building targets are set by central Government. Basingstoke is building 800 houses a year. That number is significantly higher than that determined by my local authority as being required to meet the needs of local families and to ensure the future prosperity of our important business base. More than 6,000 houses are being built throughout Hampshire, which makes my area one of the highest developed in the country.

The impact of overdevelopment manifests itself in many different ways, and there is an ever-present threat to the local environment, be it farmland or countryside. At the moment, there is a particular concern about rural communities to the south of the M3, which are remaining in what has been designated the western corridor by the south-east regional authority. The Minister will be aware that that is a high-density development zone. We will continue to protest about that and challenge it, but I want to focus today's debate on the Government's targets for house building and their effects on local services.

The Minister will be aware of the Roger Tym report, which identified a deficit in infrastructure investment of £8 billion across the south-east of England. Hampshire county council has examined it and has inferred that there is an infrastructure deficit in our county of £1 billion. That means there is a shortfall of £1 billion in spending on the roads we use and on the public transport, schools and water supplies that we need.

For my constituents, that means we have overcrowded trains and a lack of money to support other forms of public transport. That leads to ever-increasing congestion on our roads. I was recently told that we will have the honour of being the first county in the country to have two cars per household. I imagine that the accompanying congestion will have to be considered.

Separately from that, the health care system in north Hampshire—indeed throughout Hampshire—is approaching a perilous state. This year, there is a £40 million shortfall in health care funding in Hampshire, which means a £10 million shortfall for my primary care trust. The Minister will be only too well aware that north Hampshire receives only 80 per cent. of the national average of health care funding. What does that mean for my constituents? It simply means that, although we are still building 800 houses a year, we have no money to build any new doctors' surgeries. There is no money now, nor will there be in the foreseeable future. That is causing deep concern among GPs and their patients.

We are fortunate in Hampshire because we have what I believe the Government term an excellent authority. I find Hampshire county council excellent as well. We are perhaps experiencing a shortfall in funding for some services, but Hampshire has been considering ways to help us out. From its own resources, it has found some £15 million to invest in a new secondary school in Basingstoke to replace the John Hunt of Everest school. We very much welcome that, because we need to ensure that our schools are being built where the new development is. I thank Hampshire county council for the support it is giving Basingstoke in that.

All too often, however, we find that promised improvements in services are not forthcoming. I will outline two brief examples, the first of which is Chineham station. Chineham is a prosperous area and a strong community in my constituency. Part of the development there was to include a station to serve not just the large and vibrant residential community, but two significant business parks—Chineham and Hampshire International. Some years on from that initial promise, we are still waiting for the station to be built.

The other example is a new development in Sherfield park involving some 800 new houses. Quite rightly, my predecessor, Mr. Andrew Hunter, insisted that within that new development a new primary school should be located. Indeed, the developers set aside land for that use. Unfortunately, I have heard in recent months that that land has been released and will not be used for a new primary school now or in the future, because it will

be built on for residential purposes. That is deeply disappointing, because it could have provided an opportunity to improve the infrastructure of the area.

All too often there is a lag between building houses and building the necessary services. For example, in a ward in my constituency, one resident in four is aged under 16. It was rightly agreed that money should be set aside to build youth facilities, but several years after the residential development, those youth facilities have not been built.

Most worryingly, the Government's objective of affordable housing is not coming to fruition. There has been investment in Basingstoke to provide more access to affordable housing and shared ownership, but house prices have continued to rise and homelessness continues to be a key issue. The objective is not being met as the Government anticipated when their house building targets were established.

I hear local businesses express concern about the loss of business land to residential use. Business is an important part of the Basingstoke community, and a number of service sector businesses are concerned that if we continue to lose land from business use to residential, that could tip the balance against the success of our local community.

Similarly, if the Government are setting targets and forcing the pace of development, they must ensure that there is investment in services for people who live in the area. It seems, however, that those targets may not be as sustainable as was originally thought because local services are being stretched to the limit. It is inconceivable that we should consider increasing that building rate if the situation persists. The Government rightly set a benchmark for communities to be sustainable, and I look forward to hearing the Minister's views on how Basingstoke fits into that model.

My constituents have voiced their concern to me and to the South East England regional assembly through its recent research study, which shows that the majority of Hampshire residents have called for a reduction in house building. That is surprising. Why have they done that? Perhaps because they are not seeing the necessary progress in affordable housing or are experiencing local overstretch in GP services or congestion on the roads. They are not seeing the necessary investment and are questioning sustainability.

I believe—many people agree—that we need to do more to increase our investment in local people and the skills that they hold locally, rather than just import new people to meet the needs of local employers.

My county has more than £1 billion of deficits and is facing an infrastructure crisis in Basingstoke. The Government must address that issue directly. We know that SEERA is due to make new announcements on the next round of Government house building targets for the south-east, so perhaps this debate is timely. The Minister may find it useful.

In advance of discussing serious recommendations today, perhaps the Minister will put my constituents' minds at rest and give some guarantees about listening to the people of Hampshire and what they want for the future of their community. More than two thirds want a reduction in house building targets. People in Hampshire know what is best, and the Government should consider giving more responsibility back to local people. They should also consider reviewing the funding for affordable homes and do more to value the character of our towns in the way we do as residents.

The Government should give some guarantees today to fill the infrastructure gap that I identified and to ensure that future development is truly sustainable. I look forward to hearing the Minister's assurances on those issues.

4.10 pm

The Minister for Local Government (Mr. Phil Woolas): I congratulate the hon. Member for Basingstoke (Mrs. Miller) on securing the debate on such an important issue for her and her constituents. I hope that I will be able to answer her questions. When I cannot do so satisfactorily and to her liking, I hope that I will at least be able to give her some arguments to justify the Government's policy.

It is right and proper to start with some broad-brush policy issues, because how we plan for development such as housing—the hon. Lady concentrated on housing and infrastructure—is fundamental. We thus recognised the need for a faster, fairer and more flexible planning system—in short, a better planning system that addresses many of the concerns and paradoxes that existed previously. That is what the new Planning and Compulsory Purchase Act 2004 seeks to achieve. We have constantly emphasised that planning needs to facilitate development, which, as she said, must be sustainable and inclusive.

We need also to tackle the economic, environmental and social needs of our communities, and I hope that we can agree on the policy objectives. The hon. Lady clearly does not agree with the practical implementation and I shall try to address that. The fundamental question is why development is needed in Basingstoke and in the south-east generally. We must address the need for housing. It is not the Government as such who are putting the south-east under development pressure. Our actions are reflecting that pressure, which exists for a number of reasons. The important question is how those pressures are best managed.

The hon. Lady's council, Basingstoke and Deane council, has an excellent attitude towards housing planning. It is proactive and encourages developers, and it wants affordable housing and growth. I welcome that approach. It is making progress on delivering housing in the district, and several meetings have taken place with the Government office for the south east, the Office of the Deputy Prime Minister and council officials about that.

However, there is no doubt that we have not been building enough homes generally. In the wider south-east, build rates have been significantly lower than those planned for, but need is increasing because the population is living longer and more people are living alone. The affordability of homes is also a serious problem. According to the latest available figures, there has been a 160 per cent. increase in house prices in the hon. Lady's constituency and there is pressure for housing for key workers. An important part of the infrastructure that she rightly identified involves providing homes for the people who work in the essential services.

The pressure for housing is not because of the population increase in the south-east, but because of how people choose to live their lives and the fact that

[Mr. Phil Woolas]

they are living longer. Given the increase in average house prices, which are running ahead of estimates, it is obvious that those who suffer most are those on lower incomes, yet when in opposition many hon. Members campaign against proposed new homes in their constituencies. The hon. Lady mentioned public opinion, referring to the numbers opposed to new home building. I have no doubt that if such a question were asked, that answer would be given. However, public opinion would have a different slant if the question was, "Do you think that house prices are too high, and do you feel that your children will be able to stay in your area and buy a home there?"

Let us consider the results produced by asking the question, "Do you want continued or increased economic growth?" Public opinion surveys across the south-east of England show that 43 per cent. of the public want economic growth to continue at current levels for the next 20 years, that 26 per cent. want increased levels of growth, and that only 25 per cent. want there to be less economic growth.

I understand why the public in a particular locality might not wish there to be what is perceived as overdevelopment.

Mrs. Maria Miller: Let me clarify my point. I am not arguing about building houses. As the Minister pointed out, there has been great diligence in respect of building houses in my constituency. The point is that Basingstoke is not getting sufficient investment to ensure that the people who move into those houses, or the people who are already resident there, are able to continue to enjoy the quality of life that attracted them to the town in the first place. That is what I want to address, rather than the need, or lack of need, for houses to be built.

Mr. Woolas: I understand the hon. Lady's point, which I suppose she would sum up as, "Don't kill the goose that lays the golden egg." In other words, if development happens in the wrong way, the reasons that attract people to live in a place will be removed. I accept that, but I am trying to establish the fundamentals of why this is taking place. It is incumbent on any Government to address them. Fifty years ago almost to the month the Conservative Government of the time planned to build 125,000 houses across the south-east of England under town and country planning legislation. That was opposed vigorously by Labour Members and the arguments employed were exactly the same then as they are now.

Justine Greening (Putney) (Con): The Minister raises an interesting point. It is incumbent on all Governments, regardless of their political hue, to examine policies, such as that of Wandsworth borough council, which is called "Hidden Homes". It focuses on existing council housing stock, and addresses whether there is space within it to create fresh housing stock that is more cost-effective to build because there is no need to erect an entire building from scratch. Doing that often tackles antisocial behaviour problems—old garages might be converted into new flats, for example. It is incumbent on all Governments, and especially on the current Administration, to look at ways of using existing housing more effectively to prevent building on green belt-land when that is not necessary.

Mr. Woolas: I understand what the hon. Lady says. If I can finish laying out the policy framework first, I will then address her particular point.

The housing market in the south-east is tighter than it has ever been. The region's vacancy rate of 2.3 per cent. is the lowest in the country; the national average is 3.4 per cent. The south-east is also below the Government's empty homes target and the level that is necessary to allow flexibility in the housing market.

What about future housing numbers? Let me establish the background before coming on to the main point. The regional spatial strategy has the purpose of addressing long-term housing needs in a sustainable way. The South East England regional assembly comprises representatives from local authorities, social, economic and environment partners. It is currently preparing the south-east plan to cover the next 20 years—to take us from 2006 to 2026. Local authorities from across the south-east, including the county councils, are engaged in the process. I mention the county councils because there has been controversy about their role. The preparation of the south-east plan involves a statutory process that is clearly set out in legislation, regulations and national guidance. That framework includes extensive consultation, which is built into the process, including an examination in public held by an independent panel. In finalising the plan, the Government will need to take into account all views expressed during that process and the recommendations made by the independent panel. I hope that that goes some way towards assuring the hon. Member for Basingstoke that her views and those of her constituents and other stakeholders—I think that that is what we call them nowadays—will be listened to during the process of the plan.

Clearly, communities are, as the hon. Lady said, about much more than just housing. We will need to work together across the public, private and voluntary sectors to ensure that the new housing development that she talked about is supported by the right infrastructure, facilities and services. The Government have made significant investment in infrastructure in the south-east overall. However, I am aware that the South East England regional assembly and others are concerned about the future provision of infrastructure, and the hon. Lady reflected those views today. Infrastructure is an important element of the south-east plan, and we are in constant dialogue with the assembly about that key point. We clearly want to make the best use of existing mechanisms and to improve on them where necessary. We also want to make the processes for identifying infrastructure potential and requirements and for investment decision making more open and transparent.

I know that in Basingstoke there have been particular concerns, and the hon. Lady mentioned many of them. They include waste water, and she mentioned transport infrastructure in particular. Thames Water is working with the Environment Agency and the regional assembly to model and examine the impact of house building on water quality and supply, which is obviously an important part of the infrastructure. Again, that will feed into the south-east plan. In relation to transport,

I understand that the Highways Agency objected to developments set out in the Basingstoke local plan. That was examined at the local plan inquiry, and I gather that the inspector who held that inquiry is due to report in autumn 2005.

Some of the points that the hon. Lady raised about infrastructure are recognised. Although there has been investment, there are gaps to fill to ensure that the housing development taking place has the services to back it up. Her point is recognised in Government planning policy guidelines. That has been one of the big changes over the past few years. She mentioned affordable housing in particular.

Mrs. Maria Miller: The Minister says that there are "gaps to fill" in investment in infrastructure. Perhaps he could clarify whether the Government intend to fill those gaps and fund that?

Mr. Woolas: I commend the hon. Lady for asking the obvious question. However, the Government cannot fill all the gaps. The way in which—*[Interruption.]* To be fair, the Government have, as I outlined, put significant investment into infrastructure in the south-east, although I am not surprised that she asks for more. I commend her for doing so because her job is to represent her constituents.

During the process of the 20-year plan and the process of the local plans that have been brought forward already, her main concern about whether such points are being listened to has been taken on board. However, all councils across the country, in growth areas and non-growth areas, argue that they need more money for infrastructure development. I have never yet met a councillor or a Member of Parliament who said that they had more than sufficient money for infrastructure investment.

To get the full picture, we have to take into account the investment that has been made in health, education and other public services. Although the hon. Lady says that new schools and health centres are required but not available, the main drive on infrastructure predominantly comes not from increases in population, but from housing development to reflect changing lifestyles. However, that is not to say that there is not some pressure on population, as she outlined.

On affordable housing in Basingstoke, failure to deal with the availability and affordability of housing will have serious knock-on effects for the more vulnerable residents. Nearly 100,000 resident households are housed in temporary and/or overcrowded conditions. In the borough of Basingstoke and Deane, there is a need under the assessment for 534 affordable housing units per year alone for those unable to afford or rent their own home. The issue is important. House prices are rising significantly. The gross lower quartile annual pay in Basingstoke is £14,082 compared with an average Basingstoke terraced house price of £218,000 in the first quarter of this year. Even a 50 per cent. share in a house in Basingstoke is not affordable for most people. We must deal with that huge problem.

The problem is similar for key worker housing. A £725 million key worker living programme will be targeted to help more than 16,000 key workers in London and the wider south-east by March 2007. The aims of the programme are obvious, and 50 per cent. of the key worker living programme is providing new-build options through both shared ownership and intermediate renting. The hon. Lady is saying that she wants those affordable homes and key worker homes and that she does not object fundamentally to the development. Her concern relates to her perception of overdevelopment and the infrastructure gap.

The hon. Lady asked for guarantees that the Government will listen to the points that she and her constituents make. I think that I can give her guarantees, but not in respect of all the answers that she requires. I believe strongly that the centrality of our 20-year plan and the consultation programme on the need to carry stakeholders forward together is being dealt with. While accepting that she does not want Basingstoke to lose its attractiveness because of such developments—I confirm that it is a very attractive place in which to live—and despite the problems that she has outlined, the alternative of allowing either a laissez-faire attitude towards development or restricting housing and infrastructure development would make those problems even worse. There is an element of trying to move forward together with her local council, the county council and the South East England regional assembly to ensure that we square the circle.

I have tried to address all the points. I am conscious that I have not been able to give specific answers about infrastructure investment. That was not because I wanted to avoid such important questions, but because I believe that the process that is in place for the development and consultation will solicit the answers. I hope and expect that, at the end of the period of consultation, she will have achieved satisfactory answers to her questions.

Under-age Sales

4.29 pm

Mr. Andrew Smith (Oxford, East) (Lab): I am pleased to undertake the debate this afternoon and to do so under your expert chairmanship, Mr. Taylor, especially in the knowledge that you, too, have taken a personal interest in such matters. The subject that I want to raise is of great importance, not only to the 2.7 million shop workers in the country, but to all members of the public who have a real stake in the security of shop workers who must operate the laws on under-age sales. I am grateful to the shop workers' union, the Union of Shop, Distributive and Allied Workers, and to the "No ID No Sale" campaign for the materials that they have given me for this debate.

I am pleased to see that a Minister from my old Department is responding to the debate. This is the first opportunity that I have had to place on record my congratulations to her on her appointment, and my good wishes for her success in the important and rewarding responsibilities of her post. The fact that we were in some doubt as to whether the Minister responding to the debate would be from the Department of Trade and Industry, the Home Office or the Department for Work and Pensions illustrates an important aspect of the question of under-age sales. Different Departments are involved, and it is crucial that there is properly joined-up collaboration between them in addressing the issues related to under-age sales and enforcement.

In recent years, in response to public concern, there has been much debate and legislation on antisocial behaviour, on health concerns about smoking, alcohol and solvent abuse, and on the dangers arising from the sale of knives. We are all concerned that tobacco, alcohol, solvents and knives do not get into the hands of the wrong people, and that includes young people. When public debate demands action and Parliament legislates on such matters, it is important to remember that the people who have to put the policies into practice are the front-line shop workers. They are the ones who have to deal with abusive and threatening customers, and who face fines of £500 or higher if they make an under-age sale. I believe that, in placing those responsibilities on them, the state has a real duty to give them every support in carrying out a task that is often difficult and uncomfortable, and sometimes dangerous.

USDAW has produced an excellent and chilling report entitled "Life on the Frontline", which makes clear how exposed shop workers are. The report is based on a random sample survey of 660 shop workers over a seven-day period in June 2004. It revealed 887 incidents of verbal abuse, including being spat at, sworn at and assaulted; 224 threats, including threats to kill, stab, punch and burn shops down; 107 cases of violence, including slapping, kicking and being attacked in the street; 48 incidents of sexual harassment, including lewd and suggestive comments and touching; and 32 incidents of racial abuse, including racially offensive insults and threats.

The most common triggers of violence, threats and verbal abuse included the refusal to serve age-restricted products, requests for proof of age, the apprehending of shoplifters, and the refusal to serve alcohol to drunken customers. I particularly want to focus on the first of those triggers—under-age sales. The "Respect for Shopworkers" campaign has been meeting MPs to discuss that issue today.

As we all know, it can be difficult to assess a young person's age, and too many people become abusive or threatening if they are refused a sale. In enforcing the law, many trading standards departments conduct "sting" operations to catch out shop workers making under-age sales; there are severe penalties for those who are caught and convicted. To avoid prosecution, the seller must take "all reasonable steps" to avoid serving under-age customers, so, if they have any doubts, they must ask the age of the purchaser. If they are still even slightly unsure, they must ask for proof of age, and if no valid ID is produced, they must refuse the sale.

Shop workers do their best to comply with those requirements, but they are in a vulnerable position, as the reports in the front-line survey show. One shop worker reported:

"I refused a young lad alcohol and the next day I got a bit beaten up for it."

Another said:

"When I refused to sell a young fella drink, he hit me",

and another said:

"I was told I would be 'cut by their mates' because I refused to sell a bottle of beer."

Such experiences of people being abused, spat at, threatened and subject to sexual harassment or racial abuse are utterly unacceptable but all too common. What is more, the problem seems to be getting worse.

According to figures from the retail industry, reported incidents increased significantly last year: verbal abuse increased 109 per cent. to 146,000 cases, threats increased 161 per cent. to 127,000 cases and violence increased 17 per cent. to 19,000. Some of that may be due to a welcome greater readiness to report what is happening, but no one could dispute that there is a serious problem. Faced with this problem, it is vital that employers, local authorities, the police and the Government fulfil their responsibilities to help and protect shop workers, who are exposed to these dangers in carrying out what are, after all, statutory responsibilities.

Much else that the Government are doing—increasing police numbers, tougher antisocial behaviour measures and the forthcoming Violent Crime Reduction Bill announced in the Queen's Speech—will help to tackle the problems about which I have been talking. However, I should like to mention three specific measures to strengthen protection for shop workers on under-age sales, a factor in many of the incidents that I would like the Minister and her colleagues to take up.

First, it makes sense to have a robust, single, national age identity card scheme to take the guessing out of age-related sales. A number of such cards are in use at the moment and their very proliferation and reliability—some can be downloaded and made up from the internet—cause problems for shop workers. USDAW recommends only the cards that carry the pass hologram, such as the citizen card. As an example of what can be achieved, collaboration in Swindon between the council trading standards service, the police and local businesses, which promoted the card and "No ID No Sale" materials, succeeded in more than halving

under-age sales of cigarettes and achieved a target of the Office of the Deputy Prime Minister along the way. I ask the Minister to pursue within government the adoption of a robust standard card.

Secondly, such a card needs to be backed up by entrenching a culture of "No ID No Sale", which is supported not only by USDAW, but by retailers, the Association of Convenience Stores and the Tobacco Manufacturers Association. Will the Minister take up the need for a high-profile advertising and information campaign to make it clear that young people will not be served if they cannot produce their age identification card? If that were backed up by signs in shops and other materials, it would strengthen the position of shop workers in trying to ensure compliance with the law.

Thirdly, I am sure that the Minister agrees that we need to ensure that retail employers, local authorities, the police and the courts work closely together to bring to justice those who abuse, threaten or assault shop workers and give them the penalties they deserve.

The Government have done much to strengthen powers against antisocial behaviour, including parenting orders and acceptable behaviour contracts, as well as antisocial behaviour orders. We need those measures to be fully deployed, and we need to work with the shop workers and employers who are prepared to give evidence to challenge and defeat abusive behaviour whenever and wherever it occurs.

As I said at the outset, in carrying out their responsibilities on under-age sales, shop workers are acting and putting themselves at risk on behalf of the whole community. They need and deserve support through a robust age identity scheme, a campaign for a culture of "No ID No Sale" and effective back-up from the authorities. I look forward to a positive response from the Government.

4.39 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): I echo the comments of my right hon. Friend the Member for Oxford, East (Mr. Smith) in welcoming you to the Chair, Mr. Taylor. You will appreciate that as a Scottish MP, I have a particular interest in being under your guidance this afternoon.

I congratulate my right hon. Friend on raising the important issue of violence against shop workers. I thank him for his kind words, and recognise that he served with some distinction as Secretary of State for Work and Pensions. He has taken considerable interest in the subject throughout his political career, not just this afternoon. It is appropriate that we are discussing this on a day when the Union of Shop, Distributive and Allied Workers is highlighting violence against shop workers.

I should explain why a Department for Work and Pensions Minister is responding to the debate, so that there is no confusion. As the Health and Safety Executive is responsible for chairing a cross-governmental committee on this very subject, and as the DWP is the Department responsible for the HSE, I am delighted to have been afforded the opportunity of responding to the debate, which is on such an important topic.

It is a sad fact that, as a society, we can be faced with violent behaviour in pursuit of our everyday work. Sadly, as we tragically discovered over the past few days, we have to face terrible violence as we go to work, too. Violence is a disturbing problem for society in general, but it does not have to be tolerated under any circumstances, as my right hon. Friend highlighted.

We know from the 2002 British crime survey that there are about 849,000 incidents of work-related violence every year. We also know that some workers are more likely to experience violence than others, including those who work with, or deliver a service to, the public, such as shop workers. These employees work on the front line of their businesses and organisations, dealing with members of the public every day. They can face exposure to drug users and angry or disgruntled customers. As my right hon. Friend said, the behaviour is often caused by refusal to sell age-restricted goods. They are also often faced with those under the influence of alcohol or those with a medical or psychiatric problem. Often, the employees are in low paid front-line jobs, and some may resign themselves to accepting verbal and physical abuse as part of their job, although they should not have to.

Everyone has the right to go about their work without fear of physical assault, intimidation or verbal abuse. Such incidents often have serious consequences for victims and their families, and there are real financial costs to employers. Violent incidents can cause very real distress and emotional trauma. In extreme cases, people can be seriously injured. Indeed, as my right hon. and hon. Friends know, and as you know, Mr. Taylor, one of our colleagues in this House faced such a situation only a few years ago, when he was seriously injured and one of his staff was murdered.

The scale of violence and abuse faced by shop workers is a serious concern, but there is much that we can do, working with others, to reduce it. The Government welcome USDAW's initiative to promote the safety and well-being of shop workers. The abuse faced by shop workers is not merely anecdotal, but has been related in hard facts by my right hon. Friend.

We recognise the problems that shop workers face in correctly identifying the age of people who wish to purchase goods with restricted sale. We recognise the need for many people with influence and responsibility to play a full part in tackling the problem. The Government have been working hard to ensure that a series of measures and initiatives are put in place. We have introduced £50 on-the-spot fines for under-18s trying to buy alcohol—a fine scheme that is currently being piloted in certain areas of the UK. As well as the £50 fine for the over-16s and under-18s, there is also a £30 fine for those who are under 16.

As my right hon. Friend mentioned, we are also looking at the proof of age standard scheme, which will give retailers confidence that ID cards bearing the pass hologram are genuine. From September, retailers will be able to give a clear message to young people: if they have no pass, there is no sale. The proof of age standard scheme is a British Retail Consortium umbrella initiative that certifies cards to confirm that they are genuine. The card issuers will have until September to complete certification, and the introduction will follow

[Mrs. Anne McGuire]

an accreditation by the Trading Standards Institute. The scheme is replicated in other parts of the United Kingdom, such as Scotland, with the Young Scot card.

Mr. Andrew Smith: I welcome my hon. Friend's recognition of the value of the pass scheme. Does she agree that entrenching the "No ID, no sale" culture is an important part of the initiatives, and that a Government information and advertising campaign to back that up would help to buttress their welcome introduction?

Mrs. McGuire: I agree with my right hon. Friend that we need to make the scheme part of the culture so that we give confidence to shop workers, in particular, and deal with the problem of when young people cannot prove their age. I shall consider how the Government can promote the September initiative. I want to discuss some of the ways in which we can work together to ensure that we provide shop workers, employers and employees with the confidence to refuse the sale of age-restricted goods.

As my right hon. Friend also stated, police and trading standards officers carried out sting operations in almost 1,000 licensed premises, targeting more than 4,000 troublemakers with fixed penalty notices, and confiscating alcohol from more than 1,800 adults and juveniles. Supermarkets and large stores have taken several specific actions. For example, Asda employees have been empowered to ask for proof of age from any customer buying alcohol who does not appear to be at least 21—not 18, but 21. To deliver that change the company has produced a comprehensive training package for employees.

However, we must recognise that the most vulnerable are small shopkeepers and workers in those smaller premises. There must be help for them. The Association of Convenience Stores has helped to produce a cross off-licence industry "Responsible Retailing Guide", which was sent to more than 30,000 convenience stores in May.

I think that my right hon. Friend will agree that parents, friends and young people themselves must take their share of the responsibility. It must be recognised that retailers work against a backdrop of seemingly more widespread acceptance among parents and other adults that children drink alcohol, and that they sometimes drink to excess. Schools and the public can and do play a useful role by reporting persistent under-age drinking and the purchasing of alcohol, and by reporting gangs of youths who try to intimidate and threaten shopkeepers into selling age-restricted products. The police can then deal appropriately with persistent young drinkers, whether they are individuals or groups.I know from my experience in my constituency that it can take a bit of peer pressure from other members of the community to ensure that adults do not buy alcohol to give to people who are under age.

The way in which employers organise their work and discharge their responsibilities is also important. There is a duty on all employers to ensure the health and safety of their workers. That duty extends to acts of violence and abuse against them. Together with their employees, employers must assess the risks likely to arise from work activity, and put in place measures to control those risks as far as is reasonably practicable. The legislative framework that exists to control the sale of goods to protect vulnerable groups is in place for a good reason. It is accepted that with the responsibility for selling such goods, there is also a need to consider the implications when the sale is refused. Refusal can result in a confrontation.

The Health and Safety Commission recognises that it must adapt to the changes in our society and to the changing workplace. We must find relevant and innovative ways to help employers deal with work-related violence. That is why the commission has introduced a new draft strategy for the future. It sets out an approach that will carry through a programme of real change and, equally importantly, a strategy more relevant to the needs of the workplace in the 21st century. The new strategy recognises that the Health and Safety Executive and the local authorities cannot do it all by themselves; they need the support of stakeholders and stronger links with them. For example, managing workplace violence effectively means engaging with the interests and responsibilities of a number of different bodies, both across Government and in the wider working environment. That is why the HSE chairs a partnership group to take this important work forward. The group meets regularly and comprises stakeholders from across the Government, the TUC, the CBI, local authorities, the Federation of Small Businesses and specialist charities such as the Suzy Lamplugh Trust.

The new HSC strategy signals its intention to understand and value more the contribution that others can make to health and safety. An excellent example of that, highlighted by my right hon. Friend, is the tremendous work undertaken by USDAW through its "Freedom from Fear" campaign. The HSE is collaborating with employers, local authorities and the police, as well as with the Health and Safety Executive's own stakeholder group on work-related violence, to raise awareness of the levels of violence that shop workers face and to promote the message that violence will not and cannot be tolerated. The campaign has been a success. I congratulate USDAW on that and give an assurance to my right hon. Friend that we will build on its good work.

The commission's strategy will also consider ways of working together with local authorities, who are enforcement partners in the majority of retail premises. The aim is to make a greater impact on health and safety to develop more effective ways to get the advice and support to those who need it—the employees as well as the employers. The HSE encourages employers to manage work-related violence as they do any other health and safety issue. It has published general guidance to help employers tackle work-related violence and for the retail sector it has produced specific, practical guidance on how the problems and causes of violence might be tackled.

Training people to deal with difficult and confrontational situations is crucial. We cannot empower workers to react confidently in situations

unless they are given the right support and training—training that raises awareness and understanding of the problem, and training on how to read the signs, assess a situation and defuse potential incidents. The importance of training is emphasised in the HSE's guidance and highlighted in a series of case studies on managing violence in small businesses that can be found on its website.

As my right hon. Friend is aware, the commission embarked on a challenging three-year programme in 2001 to help raise awareness and develop further guidance, particularly in sectors most at risk, such as the retail sector. Under that programme, the Health and Safety Executive has published two sets of case studies to help smaller businesses manage the risk of work-related violence. It has also funded the development of new national occupational standards in the management of work-related violence.

The programme was taken forward in partnership with key stakeholders, including small firms organisations. The HSE is now building on the momentum of this programme. The stakeholder group, for example, is looking at the problem of work-related violence, and I assure my right hon. Friend that one of its priorities is to look at work-related violence in the retail sector with a view to developing, promoting and sharing information and good practice with the aim of making that information more accessible.

Finally, I thank my right hon. Friend for securing the debate. I reassure him that the Government firmly believe that working in partnership and developing stronger links with stakeholders is the most effective way forward for tackling the problems of violence and abusive behaviour towards workers. The HSE's future initiatives to tackle workplace violence will be designed to reflect the key principles of the HSC's new strategy for workplace health and safety in Great Britain. In developing its work, it will encourage stronger links with others who have an interest in, and knowledge of, the issue, including the trade unions. It will continue to work with enforcement partners in local authorities for an increased impact in raising awareness of the issue and how to manage it. Perhaps most importantly, in light of the comments made by my right hon. Friend, we are committed to developing a more effective way to get advice and support to those who need it—those on the front line: the shop workers.

Question put and agreed to.

Adjourned accordingly at five minutes to Five o'clock.

Westminster Hall

Thursday 14 July 2005

[SIR JOHN BUTTERFILL *in the Chair*]

Elite Sports

Motion made, and Question proposed, That the sitting be now adjourned.—*[Tony Cunningham.]*

2.30 pm

The Minister for Sport and Tourism (Mr. Richard Caborn): I am very proud and fortunate to be the first Minister for Sport in 60 years to stand before hon. Members and say that London will play host to the world's greatest sporting event—the Olympics. It was just a week ago that we flew back from Singapore. Unfortunately, we flew to a London that was very sad, but we brought back good news for London and the country.

By any standards, securing the right to host the Olympics is an outstanding achievement for a nation. It is a tribute to the extraordinary dedication and imagination of all those involved that they took the project from being a dream to becoming a reality. I pay tribute to Lord Coe, Keith Mills, Mike Lee and all the teams. They have been immense. As was said in the House the other day, tribute should also be paid to all the Opposition parties, because our unity of purpose was a clinching factor in convincing members of the International Olympic Committee that we were serious and that the whole nation was behind us.

I also pay tribute to Barbara Cassani, because, as many people have said, she has been missed out. Had she not put together the company that she did and brought together some of the personnel to whom I referred, we would not have done as well as we did. Halfway through the process, after she got us on to the shortlist, she had the courage to say that somebody else should take things forward, and Seb Coe then ably led the team from thereon in. The bid was the culmination of several years of hard work, commitment and investment and it reflects our commitment to not only elite sports, but sport in general.

Our thanks also go to the IOC, because, in the end, its members showed the confidence in the United Kingdom to award us the bid. We were up against some pretty fierce opposition. The other four bids had a tremendous amount to commend them to the IOC, and any one of the five on the shortlist could have produced a first-class Olympic games in 2012.

There were powerful reasons why we wanted to bid for the Olympics and the Paralympics in 2012. Indeed, the Paralympics are coming home, because the first such games were held at Stoke Mandeville in 1948. I hope, and know, that we will put on a first-class Paralympics again.

The games are the pinnacle of international sport and have an unparalleled ability to inspire, to mobilise and to excite people in their millions. Indeed, we saw what happened when it was announced that the bid would be coming to London and the country. We saw the pride up and down the nation.

The performance and success of our athletes at the games, and indeed of athletes from around the world, will motivate our young people to become involved in sport and remain involved in it for the rest of their lives. That is why it is important that we invest in sport at all levels and provide individuals with opportunities to strive to become the best that they can.

The national lottery should not be forgotten in all this, because it has played a significant role. I pay tribute to those involved in it for the support that they have given sport. The lottery has taken many people from the playground to the podium. It has also enabled us to target funding at our top athletes by introducing the world-class performance programme. That funding has ensured that athletes can train and perform at the highest level. It has helped athletes to pursue their sport while in employment or full-time training. As a result, we have come a long way since the disappointing haul of medals that we had—or did not have—at the Atlanta Olympics. The UK can, and now does, perform at the highest international level.

Since the Atlanta Olympics, there has been increased investment in each four-year Olympic cycle. At Beijing in 2008, our elite athletes will benefit from the biggest investment in elite athletes that has been made to date.

We will continue to make use of first-class training facilities and, indeed, the superb support personnel at those facilities. We have already seen the difference that that investment can make in the performance of our top athletes in recent Olympics and Paralympics. From 36th in the medal table in Atlanta, we went to 10th at Sydney and Athens and in the Paralympics we moved from fourth in Atlanta to take second place at Sydney and Athens. I believe that the increased funding that has been made available for the Beijing cycle and the no-compromise investment strategy that has been adopted by UK Sport will enable us to attain increased medal success at the games. We should make no mistake about it—people talk about lifting the bar, and the bar at the Beijing Olympics will be lifted considerably.

At elite level, it is not enough to stand still. Every country is constantly striving to do better and we must do more than simply match that. The status quo is not an option. The spread of medals in Athens was quite interesting. I think that 76 countries achieved medal status. That base is expanding, which is welcome. That is why we now look to tomorrow's stars. We must be rigorous in identifying talent and nurturing it to its full potential. An approach called the talent development pathway is helping to identify and to develop sporting talent from the playground to the podium.

Our athletes need to be supported at every step of their evolution from talented youngsters to elite performers. We all know—I know it as a father and a grandfather of two—the pressures on young people today. Many diversions are put in front of them. That pressure is significantly increased if they have talent, and there is a need to combine their pursuits with starting and maintaining a career or course of study. It is important that those things be married together. That is where Gifted and Talented has an important role, focusing on improving the identification of talented young athletes, as well as the support and provision for them.

[Mr. Richard Caborn]

If we are to realise our sporting potential, we must have a system that supports our talented youngsters through that critical period. The talented athlete scholarship scheme, known as TASS, and the 2012 scholarships fit into that. The programme bridges the gap between junior representative sport and world-class levels. TASS will enable our athletes to maximise their sporting potential, while continuing further and higher education and—this is important—employment. There may be many young people who are talented athletes who may not be academically brilliant or bright, and will not stay on in education. We need to make sure that the talent of those who leave school earlier to take up apprenticeships is not lost, and that those people have access to all the facilities.

The 2012 scholarship is a strand of TASS. It is designed to fast-track the 12 to 18-year-old group to elite sporting programmes such as UK Sport's world-class performance programme. That programme will ensure that outstanding talent, which might previously have been lost for ever, is nurtured, supported and developed. The programme builds on the partnership formed between education and sport. Education establishments have always been important contributors to our sporting culture. I take this opportunity to pay tribute to our schools and further and higher education establishments, which play a significant role in supporting sport at all levels.

The investment that we are now making in giving every child two hours of quality physical activity or sport every week from the age of five to 16 is starting to pay dividends in many varied ways. That is emerging clearly from the report by Ofsted. Moving from that base to a further two to three hours a week of extra-curricular activity will be important. We want to ensure mass participation in physical activity and sport, and to identify the talent that comes through.

Mr. Don Foster (Bath) (LD): I join the Minister in praising the work of our schools and I agree about the importance of the two hours of physical recreation in schools that the Government are pressing ahead with. Does he agree—I am sure that he does—that we need also to focus on the current high drop-out rate? The latest figures suggest that about 70 per cent. of young people will stop being involved in any form of physical activity when they leave school. We must deal with that.

Mr. Caborn: Very much so—we are doing that. As the hon. Gentleman knows, we are investing £60 million through the governing bodies to develop sports clubs. We are encouraging the club-school link, whereby we can ensure that sport is played not only in school but afterwards. Evidence is emerging of the benefits of exposing young children to more than two or three sports. It is argued that the more sports children are exposed to at school, the more likely they are to enjoy those experiences and to carry on participating in sport after they leave school.

One problem is that some sports have been male-dominated. That is true of football, but it is less so now. The film "Bend It Like Beckham" encouraged a lot of young women and girls to play football. About 1.5 million girls and women are registered with the Football Association. Football is the fastest growing participation sport among girls and women. We must offer young people access not only to facilities but to a number of sports. Through the links with the top four governing bodies and others and the multi-sports club approach, we will begin to address the 70 per cent. drop-out rate.

The further and higher education sectors are leading the way on TASS and the 2012 scholarships. The Government believe that TASS and the 2012 scholarships provide the bridge between raw talent and the finely tuned athlete, and are key to elite sports. Our aim is to increase participation in sport and physical activity, especially through the education system, and to identify and nurture talent under TASS and the 2012 scholarships. TASS will receive Exchequer funding of £12 million over four years, and the 2012 scholarships will receive £3 million over three years. We are looking into how we can invest more.

I want our most talented athletes, from whatever walk of life, to follow in the footsteps of our great athletes such as Kelly Holmes, Amir Khan, Ben Ainslie and Bradley Wiggins, who will compete in Beijing in 2008 and in future Olympics and Paralympics.

We have already enjoyed significant success with athletes who have been supported by TASS and the 2012 scholarships—about 1,100 have participated in TASS and 200 or 300 have been awarded 2012 scholarships. The hon. Member for Bath (Mr. Foster) will be aware that Shelley-Marie Rudman and Amy Williams, whom I met at Bath university, won gold medals at the world university winter games in January—Britain's first gold medals since the games began in 1960. They told me that what we are doing helped them with their achievements.

More recently, TASS bursary recipient Andrew Kennaugh was a runner-up in the 2005 boys doubles at Wimbledon, and Oliver Fisher, who has a 2012 scholarship, has been selected for the GB and Northern Ireland golf squad for the Walker cup. At 15, Oliver is the youngest athlete to represent Great Britain in the competition. On behalf of all hon. Members, I congratulate them on their achievements and wish them every success.

A number of athletes on the TASS programme will represent England at next year's Commonwealth games in Melbourne. We hope to see them on the podium realising their dreams.

It is not enough simply to identify talented people and support them individually through sports governing bodies. We must also ensure that our top and aspiring athletes have the appropriate training facilities to enable them to compete and to deliver success at the highest level. That is why we have invested heavily through Sport England in the English Institute of Sport. We have a nationwide network of facilities and support services for our high-performing athletes.

There has been significant capital investment in the development of those facilities, with Sport England providing more than £175 million from lottery funding. The network consists of nine regional hub sites based at various locations, including dedicated centres and

universities. The hon. Member for Bath will know that Bath and Loughborough are probably the two leading universities in that area.

Mr. Don Foster: Hear, hear.

Mr. Caborn: I thought the hon. Gentleman might say that.

The institute is providing for Olympic and Paralympic sports, and our athletes will have the opportunity to take advantage of first-class training facilities and services. Make no mistake—it works. Six to eight weeks before the Paris world athletics championship, which took place a year before the Olympics in Athens, Kelly Holmes went to the EIS in Sheffield, and she says that that made the difference between being good and being the best. She took silver in Paris and went on to take double gold in Athens, which is the difference between getting good support and the very best. That is what the EIS represents—probably the best in the world. We want to continue to build on that.

Examples of the facilities available to our athletes include 50 m swimming pools at Bath and Loughborough. They are fantastic to visit. As I said, I was in Bath a couple of weeks ago, and I went also to Loughborough. I saw kids from the local community, probably with their schools, training in the same place as aspiring athletes and, more importantly, world-class athletes. The inspiration that the youngsters get from swimming in the same pool as a gold or silver medallist is fantastic, and that is shared across the sports—on the track, in the swimming pool and in the gym. That is also happening at the athletics facilities in Sheffield, Manchester and Birmingham, and at the Manchester velodrome.

That is in addition to the iconic stadiums at which top competitors already perform, such as Lords, Wimbledon and the soon-to-be-completed—thank God—Wembley. Furthermore, following the success of the London 2012 bid, our athletes can look forward to competing in several major new facilities, not only in the lower Lea valley, but across the whole of the United Kingdom. For example, there is the aquatic centre, velopark, hockey arena, indoor sports arena and main stadiums, as well as the canoeing centre.

It was interesting in the press conferences in Singapore to talk about our innovation in building sports facilities. We will build an 80,000-seater stadium in the east end in the lower Lea valley, which will be converted into a 25,000-seater stadium dedicated to athletics. However, if we then want to hold the Commonwealth games and increase the capacity to 40,000, we can do that. Let us contrast that with the stadiums in Barcelona and Sydney. Neither has an anchor tenant and both are a financial liability, particularly on the sporting purse.

Unfortunately, that has happened in several cities where the Olympics and other major events have taken place, and there has not been the legacy that the International Olympic Committee wanted. One of the most compelling parts of our Olympic bid was our innovation, part of which I have described. Another part is that, of three arenas, two will be temporary and can be moved to other parts of the UK. Not one facility built for the 2012 Olympics will not have an after-use, either with an anchor tenant or having been moved elsewhere in the UK.

It is an exciting time for our engineers, whether they are construction, mechanical or electrical engineers. Their challenge is to lead the world not only in design but in usage of the facilities.

Mr. Don Foster: I agree with the Minister, but will he acknowledge that, if we are to get real benefit from the technological development and building work, we need to ensure that people in this country get the contracts for the work? Does he acknowledge that there is an urgent need to work with the Department for Education and Skills to ensure that the right skills training is taking place, so that we have people with the relevant skills to win those contracts?

Mr. Caborn: I hope that the Learning and Skills Council is moving in that direction, and not just for those schemes. About £1.5 billion of investment is being made in sports facilities in London alone. One need only look at what is being done at Wembley, at Wimbledon—where they are putting a roof over Centre court—and at Ascot, where £178 million is being invested in the race course.

We have some of the best designers and architects in the world. However, the hon. Gentleman is absolutely right to say that to put up the buildings we will also need other skills. I hope that the regeneration of the east end will be a true regeneration, and that it will be regenerated by the indigenous population constructing those buildings, and not by imported labour.

Ms Celia Barlow (Hove) (Lab): I thank the Minister for his assurances about the investment that will be made in the east end of London. However, may I ask him about my own constituency of Hove? In my constituency, we hope within the next few years—if planning regulations permit—to have a new swimming pool designed by Frank Gehry, the architect of the Guggenheim in Barcelona, with a less than Olympic-sized swimming pool, plus a new premiership-style football stadium at Falmer. Can the Minister offer any hope for my constituency that we will be able to share in the training opportunities and the investment that will reach London?

Mr. Caborn: I hope so. In Athens, 202 teams participated in the Olympics, and one assumes that the figure would be roughly the same for the 2012 Olympics. Many of those teams came to the host nation some weeks, if not months, before the Olympics. We will therefore be looking to identify suitable holding camps. For example, the British team had a holding camp in Cyprus for many weeks, if not months, before the Athens Olympics, and spent a similar time on the Gold Coast, which is in north-eastern Australia, prior to the Sydney Olympics. There will therefore be great opportunities for the British regions. In fact, this evening at 5.30 pm, I will be meeting Sir Charles Allen to discuss the regions to try to ensure that the regional development agencies, the regions and their sporting infrastructure are positioning themselves to take advantage of the opportunities that will be available. We will be looking at that with the Olympic company to ensure that we give assistance.

[Mr. Caborn]

I have talked about real estate, but the EIS is much more than that. It not only provides world-class facilities, but ensures that athletes have access to the best in support services, principally sports medicine and physiotherapy, along with sports science and strength and conditioning work. These days, that is important. We have been disappointed on many occasions by there being far too many injuries, and by the fact that it has taken a long time for the athletes with those injuries to get back on to the park or the playing field. I hope that that is now changing, due to the type of back-up for our athletes in which we are investing. The provision of such services is a vital part of an athlete's training programme to ensure that they are in the optimum condition to compete. For this financial year, more than £10 million has been provided to the EIS company to deliver those key services.

One issue particularly close to my heart, which threatens severely to damage the integrity, image and value of sport, is that of performance-enhancing drugs. Taking banned substances is cheating—there is no other way to describe it. We want our young athletes to know that they can compete and win without resorting to taking drugs. Our Olympic athletes are role models. We cannot be proud of sporting success unless we are certain that it has been delivered cleanly and on merit.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Some years ago, in 1988, I did a film for Channel 4 about David Jenkins—a 400 m runner—and drug abuse. I urge the Minister to push for compulsory drug testing of all athletes for 2012.

Mr. Caborn: As my hon. Friend knows, I am a member of the foundation board of the World Anti-Doping Agency. I think that the majority of athletes who win medals will be tested automatically. There is no doubt that the key to ensuring that we have drug-free sport is random testing. The one thing that athletes fear more than anything is the knock on the door and somebody asking for a sample. They do not know when or where it will come, but it is a deterrent that is important for the integrity of the wider code. While I do not disagree with my hon. Friend, I would still say that the best way to eradicate drugs is to increase the number of random tests. However, testing is expensive, so we are trying to get more resources for the World Anti-Doping Agency to ensure that that can happen.

The UK can be very proud of its anti-doping programme. As my hon. Friend said, it is some time since he was involved, but we have been at the forefront of the campaign. As the UK's national anti-doping organisation, UK Sport has carried out some 29,000 tests across more than 40 sports in the past five years, and I am pleased to say that only 1.5 per cent. of tests—that is still 1.5 per cent. too many—resulted in adverse findings, demonstrating that the vast majority of our athletes are competing drug free.

An anti-doping policy cannot, however, be simply to say no to drugs. We need to back up our strict liability rule, and athletes committed to competing cleanly must be given support and access to the best advice. Bad decisions, as we know, can cost them their jobs, their reputations and their lifelong dreams. If we do not educate them and their support personnel about permitted substances, we will put them in a difficult position.

Therefore, we need not only to say that strict liability is not negotiable—it is not—but to provide good education and back-up information for athletes and those who train them. The World Anti-Doping Agency has outlined the importance of education in the fight against drugs in sport, and the responsibility of each country's anti-doping organisation to develop and to implement an educational programme. Thanks to the work of UK Sport, our athletes have received anti-doping education by a variety of means, including booklets, workshops and guidance on UK Sport's website and e-mail service.

UK Sport's drugs information database is the most comprehensive and up-to-date sports drug information service available to athletes and support personnel in the world. UK Sport has recently launched an innovative scheme, the anti-doping education programme, "100% me". It is the first to be accredited by WADA, so, again, the United Kingdom and UK Sport are leading the way. The programme provides the information and resources that current and future athletes will require to help them to make informed choices as they strive to become the best in the world. "100% me" will raise the profile, both domestically and internationally, of the positive and innovative work that UK Sport does to help our elite athletes to achieve success while remaining free from prohibited substances and methods.

In conclusion, if we want to see British athletes on the podium in Beijing, and then in London, with medals around their necks, we must show the partnership and purpose that the bid team showed in achieving the gold medal of bringing the 2012 Olympics here. It has been pleasing in the past three or four years that all the sports have come together, as have the British Olympic Association and EIS, with a sole objective: to produce more world records and more medals, wherever they may be. That effort has coalesced around UK Sport. It is good to see UK Sport as the single body heading the structure. I hope that that will continue. I encourage the BOA, the EIS and other responsible bodies to join the partnership with UK Sport. That is the direction in which we should be moving.

The Government want to be seen to be playing a supportive role in relation to sport. That is why we positioned ourselves behind the bid team and, to an extent, it is how we won the bid. We should do exactly the same when we work with UK Sport and the other constituent bodies that will deliver the infrastructure for elite athletes. We need to ensure the same strong partnership, determination and focus from now until Beijing in 2008 and London in 2012. UK Sport's one-stop plan has brought clear business planning to UK governing bodies. It will ensure that we can make progress in tandem with those governing bodies, and it will aim to assist them to deliver more medals.

I firmly believe that the system of support that is in place, together with the overall investment that we will make in our elite and aspiring athletes, will ensure that they continue to enjoy success at the highest international level. However, we cannot be complacent. As I said, the challenges are great. The Secretary of State for Culture, Media and Sport and I continue to review

the structure of support and to consider how best we can ensure that we deliver the best for our young people and elite athletes. At the elite level, there is often a fraction of a second between first and second place.

As London has been awarded the honour of hosting the 2012 Olympics and Paralympics, we must use that opportunity to do everything that we can to ensure that our athletes are the most highly skilled, trained and cared-for athletes in the world. Only with the best preparation and planning will we be able to realise the dreams of the finest talent that we have in this country.

3.1 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): Today is a particularly appropriate day to have a debate on elite sports, coming as it does a week after the success in Singapore and a day before the Department of Culture, Media and Sport publishes the London Olympics Bill. I am sure that we all look forward to its Second Reading next week.

On behalf of the Conservative party, I congratulate the Minister for Sport and Tourism on the part that he played in bringing the 2012 Olympics to London. I am well aware of how many contacts he has through his work with the World Anti-Doping Agency, and how much work he did in Singapore. It was clear that the lobbying that he and his Department did played a large part in the decision, and I thank him for it.

It is my view and that of my party—indeed, I would be surprised if this view were not reflected on both sides of the Chamber this afternoon—that the decision to award the 2012 Olympics to London will mark a watershed in the relationship between Government and sport. There are five main reasons for that.

It has been clear in recent years that sport is moving up the list of Government priorities. Again, I pay tribute to the Minister for the part that he has played in that. All of us who believe in sport would say that that is a good thing.

We are now at the stage where the promises made during the bid process must be delivered on. Quite properly, as a result of that bid process and the decision a week ago, public expectation has risen enormously, and it remains an unfortunate fact that the public will probably judge us not only on how we stage the games but, to put it brutally, on how many medals we win.

The seven years between now and the 2012 Olympics is a very short time in which to deliver the games and to do all that we can for elite sports. We must start now if we are going to get it right and deliver on the many promises that have been made. This will affect all of us in the political process.

I shall put five issues to the Minister, using the key theme that London 2012 has changed the whole map of sport, particularly elite sports. I do so, I hope, in the spirit of the cross-party support and co-operation that has characterised the bid thus far.

The first issue is funding. Since I returned from Singapore, it has been obvious to me that the existing lottery funding streams will soon be under considerable pressure. We already know that £1.5 billion is required from various sources to fund the 2012 bid.

Already on Tuesday, the performance director of UK Sport said that an extra £20 million is needed for the world-class performance programme, on top of the £47 million that UK Sport already has. There is also pressure from UK Sport and others to deliver that funding over a longer time—eight years, or two games' worth. Sports bodies outside the Olympic movement are already slightly agitated that the funding will be concentrated on the London 2012 Olympics and that they will lose out.

The expectation is enormous. If anyone doubts that, I draw their attention to remarks by the Prime Minister on Wednesday when asked about Olympic facilities in Wigan:

> "We are determined to ensure that the legacy of the Olympic games will accrue not just to the benefit of London, though a whole area of London will be regenerated. As a result of our success, there will be sports facilities all over the country."—[*Official Report*, 13 July 2005; Vol. 436, c. 833.]

That is quite an undertaking. It is a huge blank cheque and, as I say, expectation is high. If we accept that, it becomes clear, as we look at the pressure that lottery funding will be under, that the lottery cannot fit that bill. In this new era, post-Singapore, what discussions has the Minister or his Department had with the Treasury over the funding package necessary to deliver on the considerable promises made during the bid process, not just for the London 2012 Olympics but across sport?

Secondly, I want to raise the question of the structure of sport. I do not think that that will greatly surprise the Minister. When he took office, he made some fairly uncomplimentary remarks about the organisation of sport in this country. Only a year ago, on 11 July, the Secretary of State described it as "a nightmare". Everyone here knows how complicated the organisation of sport is. When the four sport consortiums appeared in front of the Culture, Media and Sport Committee, they complained at some length about the seven different funding streams.

I notice that the director of performance at UK Sport, Liz Nicholl, following a meeting at the British Olympic Association on Tuesday, complained about the five different funding streams. If *The Daily Telegraph* is to be believed, she said:

> "The management of the investment in sport should be through one body."

Does the Minister believe that the structure of sport is fit to deliver in 2012, or, indeed, in 2008? If, as he suggested on the day that he took office, that is not the case, what is he going to do about it? It is my view, and that of a number of people to whom I spoke in Singapore, that pretty radical surgery is needed.

Thirdly, I want to raise the issue of the impact of devolution. There seems to be wide agreement that, if we are to succeed in British sport, a British philosophy must drive it. I know that that is an extraordinarily complex political issue, but if we are subsidising athletes who compete against us that has to be nonsense. Four athletes in Northern Ireland competed in Sydney 2000 for the Irish team; we gave them the grand total of £18,200 of English money to compete against us. At the Athens Olympics, another seven drew £35,715 out of our budget to compete against us. That is pretty ridiculous. I notice that the British Olympic Association described devolution recently as the

> "single biggest challenge to the sustained success of British sport".

The core issue must be the attitude of the home country sports boards.

[Hugh Robertson]

My own view is that devolution is young enough. I do not underestimate the difficulties for a moment, but there must be some way to put the appropriate measures in place to ensure that home country sports boards do not focus on their own success at the expense of British sport. Does the Minister have any views on that and what steps has he taken to tackle the issue?

The fourth question is that of school-club links. I congratulate the Minister and his Department on the progress that has been made on school sport. Specialist sports colleges are proving to be a success—there is no doubt about that—and school sports partnerships likewise. The Youth Sport Trust, which I visited just before the election, is a fantastic organisation.

There are, of course, still issues with school sport. No one would deny that. The child obesity rate remains the worst in Europe. The two-hour target, although participation is going up, is still only for those in a school sports partnership who have responded to the survey. That takes the figure down a bit. As the Minister's last written answer to me revealed, of the £750 million pledged in 2000, only £106 million has been spent. We will need to do much better than that if we are to deliver in 2012. However, like the hon. Member for Bath (Mr. Foster), I suspect that the biggest problem we face is the drop-out rate after school. The people I spoke to in Singapore recently were clear that the school-club link is vital in overcoming those problems. Getting clubs into the schools more effectively would ensure that people were picked up while they were at school as well as after they left. What plans does the Minister have to further the work that is being done and to develop those links?

Finally, I pay tribute to UK Sport for its work on drug testing, which is pretty much the Minister's specialist subject. It has done well, but with the award of the 2012 Olympics, I ask whether an excellent legacy would be for Britain to be acknowledged as the world leader in anti-doping. As I said, I acknowledge the work that is already going on, but there must be a conflict between drug testing and promoting elite athletes. Does the Minister have a view on the matter? Does he think that a suitable legacy for 2012 would be a wholly independent anti-doping agency, separate from UK Sport?

I finish my speech where I started. Again, I pay tribute to the Minister and to his Department for the work they did to bring the Olympics to London. It is the most fantastic opportunity for sport. If we are to make the most of it, it must mark a sea change in the relationship between Government and sport.

I ask the Minister to address the five points that I put to him on funding, structure, the impact of devolution, youth drop-out rates and school-club links and doping. The seven years between Singapore and the start of the London Olympic games in 2012 seems a long time, certainly in parliamentary terms.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I am grateful to the hon. Gentleman for giving way. I almost called him my hon. Friend because of our sporting links; in debates of this sort, that is only right. Although he rightly focused on the seven years until 2012, does he agree that there is a danger of our forgetting 2008? We need to be sure that we do well in Beijing.

Hugh Robertson: The hon. Gentleman is right. I suspect that there is a danger coming our way in 2007. There is euphoria and a huge sense of purpose behind the whole business at the moment, but if we are honest we know that the track and field stable is bare. Achieving some of the targets that have already been set for medals in Beijing will be quite an undertaking, especially if the Minister is right in saying that the bar will be raised considerably in 2008. If, two or three years hence, the 2012 project is bogged down in any way—for instance, if there are delivery problems and the costs look as if they might rise—just when we are going through a sticky period in track and field, it is likely that public support for it will drop, as often happens in the middle of a project. We must all guard against that. The hon. Gentleman made a good point.

Seven years seems a long time at the moment but, as hon. Members know, the reality is that it will be a considerable challenge to deliver the success in elite sports that this country requires over that period. As I said, I hope that the decision in Singapore marks a watershed in the relationship between Government and sport. The difficult thing will be to deliver it.

3.13 pm

Mr. Don Foster (Bath) (LD): The way in which cross-party unanimity played a part in the build-up to our being awarded the Olympic and Paralympic games 2012 has become apparent during the debate. It will also become clear from what I say that there is a fair amount of cross-party unity about what we are doing now and what needs to be done.

I apologise to you, Sir John, and to the Chamber for echoing some of the points that have been made in the two preceding speeches, but I begin, as did the hon. Member for Faversham and Mid-Kent (Hugh Robertson), by saying how delighted everyone should be about our success, despite having to come back to a London devastated by bombs. That should not take away from the huge achievement of the 2012 bid team. We should continue to give our thanks and praise to Lord Coe—I note that one newspaper has labelled him "Lord of the Rings"—to Sir Keith Mills and to the rest of the 2012 team.

Equally, we should acknowledge the enormous work done in Singapore and before by the Prime Minister, by the Secretary of State and, as others have said, by the Minister himself. I congratulate the Minister and thank him for the enormous work that he did in helping to win such a fantastic opportunity for sport, tourism, culture and much more, not only in 2012 but in the intervening seven years, which will give us the chance to showcase what we can offer the world.

I join the hon. Member for Faversham and Mid-Kent in praising the Minister for his work with WADA, particularly in the few weeks preceding Singapore, and his latest initiative to seek money from pharmaceutical companies for education and research into anti-doping. He has already successfully persuaded some companies to part with money, and I wish him well in persuading others to do so. He is right to ask them to become

involved in education and research but not in anti-doping activities. To do otherwise would create the potential for a conflict of interests.

As others have said, winning the 2012 Olympic and Paralympic games means that sport in the UK is now operating in a different landscape. It is crucial that we use that change, that new opportunity, to ensure that we do well in Beijing in 2008 and here in 2012. We can be proud of what we have already achieved. We won 30 medals in Athens, which was two more than we won in Sydney and 15 more than we won in Atlanta in 1996. It is not only in the Olympics that elite sportsmen and women are doing well. I pay tribute to Ellen MacArthur, who recently broke the record for non-stop solo circumnavigation. Many other examples could be cited. Expectations for sport in the UK are rising in the lead-up to 2012.

It must be acknowledged that that success comes at a considerable price. UK Sport invested more than £70 million in the British Olympic team for the Athens games. I do not want to be mercenary, but that works out at £2.35 million per medal. For Beijing, we have a target of 47 medals. More would be even better value for money, but if we achieve that target, it will have cost £1.6 million a medal. However, funding is important not only for elite athletes in the build-up to the Olympic games and other important sporting events, but for the work necessary to support grass-roots sports, from where will come the elite athletes of the future.

As the hon. Member for Faversham and Mid-Kent said, many bodies are involved. When I was given the job of speaking on behalf of my party about sport, I asked someone in my office to dig out a map of how things work. We cannot place a map on the record, but it is pinned to my office wall to remind me how incredibly complicated are the linkages between the welter of bodies involved.

As the hon. Gentleman said, the subject has been referred to recently by a number of people. I reflect on the words of one representative of the Rugby Football Union when he was giving evidence. He talked about the urgent need to find ways to simplify all the different funding streams. As the hon. Gentleman noted, the Secretary of State herself has said that the plethora of bodies and the plethora of links between those bodies are a nightmare.

The Minister was right to highlight some of the good work that is being done by the different bodies. He did not make much of the world-class performance programme, which is doing some phenomenal work. It is doing not just the work that people intuitively think it should be doing, which is supporting individual athletes, but so much of the additional work that is necessary to support the athletes, such as coaching, sports science and medical back-up, ensuring that there are opportunities for acclimatisation and providing the appropriate training facilities. It is one of the many bodies that are working hard.

If we are discussing all bodies and all the funding that they provide, clearly some difficult choices must be made. It is easy to put in more and more money, and I acknowledge that we cannot just call for more money, even though more money would be welcome. It is worth reflecting on the fact that, during the 2001 to 2005 summer Olympics cycle, UK Sport gave £70.4 million to 17 Olympic sports, including badminton and softball, supporting an average of 480 athletes.

UK Sport's total investment for the next four-year cycle, 2005 to 2009, is scheduled to go up by 7 per cent. to £75 million, but at the same time it plans to support 160 fewer athletes. It is taking a different approach that targets specific medals for the Beijing Olympic games in 2008. By doing so, it means that several sports will lose out. For example, we have discovered that gymnastics, triathlon and judo will not be beneficiaries of the increased funding.

Derek Wyatt: Is there not a dilemma? If one is talking about elite sports, one must be ruthless. Either the sport is elite, or it is not. It is elite if gold medals are won in it, such as in rowing or in cycling, which then receive more money. If those sports do not deliver, it cannot be the fault of the Government, it must be the organisation.

Mr. Foster: I entirely agree. Tough choices must be made, and that is what UK Sport is doing. We must recognise that as a result, however, some sports will lose out. We must ensure that, through other means, not necessarily the elite sports programmes, of which there are perhaps too many, we continue to recognise the importance of other sports. Giving evidence to the Culture, Media and Sport Committee, the RFU representative said:

"More medals and national pride, and more players and national health, are two separate elements, which can feed each other, but are fundamentally distinct areas."

We must understand that, and we shall have to make tough choices. UK Sport is right to make them, but I hope that we shall find other ways of supporting sports that, as a result of such decisions, may lose out.

Several sports may lose out because the IOC changes the list of sports that are deemed to be Olympic sports. After we left Singapore, the IOC continued its deliberations, and baseball and softball were dropped from the IOC programme. I say not entirely tongue in cheek to the Minister that we have an opportunity to select one additional sport for the 2012 Olympics. My hon. Friend the Member for Colchester (Bob Russell) would not forgive me were I not to suggest to the Minister in a gentle way that, now that darts has been accepted as an official sport because of my hon. Friend's untiring efforts, we should consider choosing darts as that sport. By saying that, I have paid a debt to my hon. Friend. I will leave it to the Minister to respond appropriately.

The hon. Member for Faversham and Mid-Kent rightly pointed to the issue of where the money will come from. We must be clear that there are concerns about future funding support for our elite athletes. We know that the amount available through the national lottery has decreased. That money is, to some extent, being made up for by a modest increase in funding from the Exchequer.

As there is pressure on the other aspects of sports funding because of the introduction of the Olympic lottery game, we need to be sure that we do not reduce the support and funding for our grass-roots sports activity while we try to find the money that we urgently need to ensure that we can deliver the games in 2012.

[Mr. Foster]

I join the hon. Gentleman in asking the Minister to give us his thoughts on how the overall package of funding from the national lottery, in its various guises, will pan out. I share the hon. Gentleman's desire to hear more from the Minister about the Department's plans for helping to simplify the complex map to which I referred earlier. The Secretary of State for Culture, Media and Sport has described that map as a nightmare.

I also pay tribute to the Minister for a number of the other schemes that he has been responsible for establishing. TASS is crucial. It is doing phenomenal work. The addition of the 2012 scholarship to that is vital. I was delighted that he praised the work that is going on in schools and drew attention to the crucial link that is being developed between local community sports clubs and local schools. That link was long overdue, but it is happening and it is to be welcomed. I also welcome his comments about the importance of making available in our schools a wider range of sporting opportunities for young people through the club-school link.

Only by giving a wide range of opportunities to young people in school will we ensure that they can find a sport with which they feel comfortable, which they enjoy and a passion for which makes them want to carry on doing that sport after they have left school. As I said in an intervention, it is particularly disturbing that the 70 per cent. drop-out rate has remained constant for a number of years. We must break that, not only to help us to find elite athletes for the future but because of the other side of the issue about sport that is so important: tackling this country's obesity time bomb. The link between club and school will, I suspect, be one of the key elements in helping to break those disturbing figures.

I am grateful that the Minister referred to the important role that the English Institute of Sport plays in helping to develop some of our athletes. One of the many things that I picked up and which I heard about more than I expected to when talking in Singapore to a number of our elite athletes and sporting heroes, was the issue of coaching. Many of them displayed a clear desire for us to find ways to improve coaching facilities and provide support and training for coaches. I welcome a number of the schemes that have started. It is clear that, if we are to have success with our elite athletes, they need the best in terms of medical support, sports science and so on, but in particular they are keen to have improved coaching facilities.

The Minister was kind enough to refer to the university of Bath and the sports activities that go on there. I pay tribute, of course, to the hon. Member for Loughborough (Mr. Reed) and the work that he has done at Loughborough—the two of us seem to be a double act on these occasions. The Minister will be aware that Bath university has a coaching programme as part of its university degree activities. There is an urgent need for him, perhaps working with his colleagues in the Department for Education and Skills, to see whether it is possible to help to develop that programme.

The Minister will be aware of the wonderful work that is already going on at the sports training village based at the university of Bath; he was there recently. He will know that it is a purpose-built, world-class training facility. It already provides a training home for some 300 British elite athletes. Fourteen sports have chosen to base some or all of their training programmes in the city, and people there are looking forward to further investment to keep them ahead of the international competition. I hope that they will receive Government and lottery support as they seek to move forward to provide the best and perhaps even get further ahead of Loughborough in terms of the facilities on offer—that is a battle that the hon. Member for Loughborough and I will have separately.

Winning the Olympics provides a fantastic opportunity but, as others have said, much remains to be done to turn that opportunity into reality. We must ensure that the promise that we made to people throughout the United Kingdom—that every part of the United Kingdom would benefit—is delivered on.

I end with the other hope on what we will achieve. The Minister said that it was a dream that has now been turned into reality, but what I remember most was watching the presentation to persuade the IOC to back London for the games. Above all, that presentation said that what we aspired to do with our bid was to give a dream to young people not only in this country but around the world. So the dream is not over. We must ensure that the work that we do over the next seven years builds up that dream not only for every person in this country but for many around the world.

3.33 pm

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I was not quite sure what the tenor or scope of this debate on elite sport would be, but I am glad that I have attended it. When the Minister said that he was very proud and referred to the first time in 60 years, I thought that he was going to say that this was the first ever debate on elite sport. He did not say that, but I do not think that there has ever been a debate on this issue in the history of the House, so this one is good and timely, coming just after the success of the Olympic bid. The debate would have been just as interesting if we had lost the bid, because then we would also have had to rethink what we were doing. In any event, it is good to be here.

Sport has been part of my life. It might be difficult for people looking at my body today to appreciate that, but I was a top-class rugby player and I was also the leading long jumper in the United Kingdom at under-17 and under-19 level. Sport has changed my life in many different ways. I have to admit that I was even on the coaching staff at Bath university.

Let me give one or two reactions to what hon. Members have said. At the moment, sport is out of kilter politically. We have said that the Olympics provide a great opportunity, but we can get rid of the bar charts, the flow charts and the management speak that tell us what sport is only by coming together and demanding a Secretary of State for Sports. Given the Olympics in 2012, we have the chance to do that over the next four years.

It is important that we merge Departments and include health education and sport at school. Most of us have spoken about sport and school, but the poor Minister has no real control over that, although there is a joint committee in the Department for Education and Skills. That is one problem and why one Department on

its own would help. I cite the example of what is now the Department for International Development, which used to be under the thumb of the Foreign Office until it was separated and which now has a bigger budget than the Foreign Office. That would not have been possible if international development responsibilities had not been de-merged into its own Department. If we want elite sport, we must have elite Government Departments too.

Rowing and cycling are our best sports—I touched on that in an intervention on the hon. Member for Bath (Mr. Foster). We were outstanding at judo and the martial arts in the 1980s and early 1990s, but for some reason they have slipped. Those sports are not in the big five that the Minister mentioned—rugby league, rugby union, cricket, tennis and soccer—but they do not need to be, because they are so brilliant in themselves. However, I ask the Minister to consider whether those sports demand skills that the others do not.

We are not that brilliant at soccer or rugby, we have not won a world cup at cricket, and as for tennis, let us not go there. We have not had a woman win Wimbledon since 1977—in fact, I do not even think that a woman has gone further than the third round since Sue Barker and Virginia Wade in 1977. There is something fundamentally wrong, so I wonder whether the big five could learn something from rowing and cycling.

When we say culture in this country, we mean opera or literature, but not sport, although I think our society is on the cusp of a real change. Sport is beginning to nudge the opera set, the literature set and the media set, and the Olympics give us the opportunity to push that boat a little more. There has been a cultural lag, but the Olympics give us a wonderful chance. Having seen the Commonwealth games for a week, I know that I shall be at the Olympics every day. I cannot believe that we will have the opportunity to see the Olympics.

I commend my co-tenant, the hon. Member for Faversham and Mid-Kent (Hugh Robertson)—our constituencies are next door to each other—for raising the big issue of funding. It has been raised before, but I will keep going. We have the 12p in the lottery pound, although we still do not know whether we get it back for the Olympics. I accept the hon. Gentleman's point that we will not have enough money. Securing the funding might be difficult because the DCMS is not seen to hold its own against the Treasury. Therefore—I shall be shot by the Whips for this—I wonder whether it would be helpful for a joint Olympic group to come to the House with the ministerial team and give a presentation to Treasury civil servants.

Might it be possible to float the idea of an Olympic bond? I think of Patrick Carter's thinking outside the box as chairman of Sport England. When we think about the audit of need, we find that most counties and metropolitan boroughs do not have very many good Olympic facilities. As has been mentioned, 202 teams are coming, but when push comes to shove only about 35 teams will set up camps in the United Kingdom, for swimming, tennis or whatever else. However, we do not have the facilities in our counties or metropolitan boroughs to host so many teams. If enough countries liked the bid, 60 or 70 might come, for a range of Olympic sports, and we would be overwhelmed. As a result, those teams would look to France, Germany or Italy to take them and we do not want them to go there—we want them to come here.

We are in an interregnum, during which we are not sure what will happen next. I know that the London Olympics Bill will arrive on Tuesday, but I am not sure that it will contain such detail. I cite the example of Kent county council, which is my senior authority. We have no Olympic facilities in which we would want to host a team from America or Australia. I asked Sandy Bruce-Lockhart, the Conservative leader of Kent county council, whether it would be possible to put together a group comprising a team from the South East England Development Agency, a team from Locate in Kent, a team from the Kent ambassadors—the business group—MPs from Kent and Sandy himself, so that we could better understand what we need. More than that, and since all MPs will be involved, could we have some sort of Olympic challenge day? The Minister could speak, and perhaps Seb might be asked. Would it be possible to do that in October or November?

We are struggling. My little constituency of Sittingbourne and Sheppey has the best windsurfing facilities in the world, but it has no hotel, and there is no chance of building one that could host windsurfing teams from around the world. Not only that, we would need a post-use for the hotel, so I start to think that we could bid for a specialist sports school for water sports. Then I ask whether the hotel could be used as classrooms afterwards and whether there would be some way to attach it to a school. When one gets to that sort of detail, one must ask the International Windsurfing Association whether it can host the teams. It is confusing to have to go through the international organisations for all the Olympic sports before we get to the national organisations or the Olympic bid. One can understand why most people find it complicated. Could the Minister could put together a challenge day so that we can better understand what has to be done?

There is no question but that the Olympics are exciting. Everywhere I have been in my constituency, people are really excited. They are also excited by the tourism opportunities and the infrastructure and all that will come with the games. I asked about sports schools during the statement in the House last week. Is there a ban on the use of the word "Olympic"? Could we have Olympic sports schools that would become hubs for the sports? There are eight sports schools in Kent. It would be great if we could say to them, "Tomorrow you can change your name to Olympic sports school." Such schools could be used during the next seven or eight years to build up confidence and expertise and get kids involved. That would be such a fantastic thing to do.

In my spare time, I am a trustee of TimeBank, which has been charged with the volunteers programme for the Olympics. In fact, we were charged with it before the Olympics were awarded to London. Hon. Members might like to know that every four seconds someone registers to volunteer. We have been going only a month, but 15,000 volunteers have already registered. That is spectacular, and I am sure that we will get 70,000.

The buzz around the Olympics bid was extraordinary, and it was there all the time. We had a debate on the Olympics about a month ago in this Chamber, and one could feel the change at that time. One could feel the change in the team and in the confidence of Seb and everyone else. They deserve more than a pat on the back. They have done brilliantly well, and so has everyone who supported them.

[Derek Wyatt]

Let me finish with an idea about the extended school hours initiative. My local authority, Kent, has been given £10 million for out-of-school activities from 8 o'clock in the morning till 9 and from 4 or half-past 4 till 6. As that money will not go very far in the largest authority in the country, I wonder whether the Minister could come up with an initiative to involve clubs and bodies that would like to do coaching in the schools during the extended hours.

We could be even braver and pick up on points that have been made in the past two years and that the hon. Member for Bath made again about obesity. I hear people gasp when I say that my children get reports with marks of, for example, B-plus, D-minus or A in their subjects, but for sport, the report says "Tries hard". It does not give hand-eye co-ordination or body-fat measurements.

I know that there are issues about whether one should include a body-fat measurement, but could a voucher scheme be offered to parents and children who need to take care? For instance, if my son were to get a B-minus in maths after getting an A-plus the year before, he would get a note that his parents would have to sign to agree that he would take extra maths—bless him, he does not have that trouble. Why can schools not offer extra physical education, salsa dancing, rock climbing or whatever if they are needed to develop good behaviour and good sporting techniques in children? It would be a useful challenge to come up with a way to build the Olympics brand and include it in out-of-school extra activities.

Everyone else has said well done to the Olympic bid team, which has done spectacularly well. As I said, we have the most amazing opportunity for probably the first time since 1948 to galvanise sport in our society.

3.44 pm

Ms Celia Barlow (Hove) (Lab): I thank the Minister both for the successful bid and for the investment that the Government have made in schools in Hove and Portslade. I draw his attention to an area of sporting activity that is popular in my constituency: the use of the sea for sailing, surfing, windsurfing, kite-surfing and kite-buggying. Those are fast-growing sports. Indeed, extreme sports are the fastest-growing area of sporting activity in the country. The world championship kite-surfer is a British athlete, yet he and many others found that when they were schoolchildren—he is only 17 so that is not long ago—individual sports such as kite-surfing and tennis did not get the same funding as the team sports mentioned by my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt), including rugby, football and netball.

Individual sports are difficult for young people to pursue to a county or regional level. I appreciate that the very best tennis players are given additional help, but the middle-level players, such as my son—perhaps I should declare an interest—find it difficult to explore the sport without private funding or sponsorship. Although the initial outlay for extreme sports is very high, at least the sea is free. In the case of tennis, though, it is difficult for young people to find a level without playing with opponents of a similar standard and belonging to a tennis club. I appreciate that 70 per cent. of the schools in the school sports partnership have tennis as a major sport, and use of the facilities at schools will increase after the extension of school hours, but I would like an assurance from the Minister that participation in those sports will be free to all and that they will be open not just to those who can afford them, but to those who would have to request help with funding, which, as I am sure he is aware, is not something that parents like to do.

As I know from experience as a school governor, an educator and a parent, participating fully in tennis is difficult without professional coaching, extended hours for tennis and the funding to move around the country to participate in competitions. Young people find that enjoyment and local success in the sport is difficult unless they have financial backing. Even in many of the clubs that young people can join if they have financial backing, participation is difficult because they are designed primarily as leisure facilities. Perhaps they are seen as places to play an elite sport—in the wrong sense. In other words, they are aimed at over-25s and people who enjoy playing tennis rather than those—particularly the young—with a hard competitive edge. Young people need to feel valued and welcome. The Lawn Tennis Association has tried to address the issue many times, but it has significantly failed and has not yet coped with the elite aspect of tennis, particularly at county and regional level.

I urge the Minister, if possible, to put more money into individual sports for young people and to ensure that the guaranteed two hours of sports a week include individual sports as well as the team sports that raise a school's profile and improve its reputation in the immediate area. I beg him to put as much effort as he did into darts into sports that young people in particular find most exciting, such as extreme sports and surfing—the sports of the sea that are so important to my constituency. I hope that elite sports will include the sports that young people find exciting and challenging—sports that are not seen regularly on television or watched by millions of people, but for which people in my constituency have a lot of passion. My hon. Friend the Member for Sittingbourne and Sheppey mentioned that an elite sport is a sport in which we win medals. Surely the fact that we have a world championship should ensure that kite-surfing at least is seen in that way.

3.50 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I apologise for not being present at the beginning of the debate; I was trying to return as quickly as possible from participating in the best elite sport that I have ever been involved in—representing the House of Commons and House of Lords tennis team at Wimbledon this morning. This is the first report to be made. Unfortunately, we lost gloriously. I think that someone did take a set, but it is, I am told, the taking part that counts on such occasions. We certainly took part, if nothing else. To follow on from the remarks of my hon. Friend the Member for Hove (Ms Barlow), it was a fascinating example of differences in experience—in this case, my experience of the tennis that my son plays on a hard court in my constituency compared with the glorious facilities at Wimbledon. That is one of the reasons why today's debate is important.

The debate is rightly focused on 2012, the excitement of last week and what we can achieve. However, as my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) said, elite sport is present all the time. It is not as if no one will do anything between now and 2012 when we will focus all our attention on it. This country has world champions; I am sure that many hon. Members have one or two in their constituencies, and in a range of sports that do not get great national attention.

Netball is an example. We have the netball centre at Loughborough university, and we are fourth in the world at netball. Because it is not an Olympic sport it does not get the profile that it deserves. Admittedly, we are fourth and would like to do much better, and I am sure that many other sports could also benefit. However, as the hon. Member for Bath (Mr. Foster) said, there are difficult choices to be made in funding elite sports.

I shall discuss some issues that have already been touched on in the debate, and shall pay some tributes, in the light of the position we have come from and where we are now. The hon. Member for Faversham and Mid-Kent (Hugh Robertson) rightly highlighted the number of medals that we won in 1996, and how many we anticipate winning in Beijing and after that in 2012 in the UK. I was given a joke to use at the Labour party conference, although I never got to use it, after the 1996 Olympics when we came back with only one gold medal—the joke was about it being typical of the country in those days to win a gold medal for going backwards faster than anyone else.

Derek Wyatt: It is a good job my hon. Friend did not use it.

Mr. Reed: That is right. That is why I said the joke was given to me, rather than being my own. However, it symbolised the difficulties at Atlanta and how difficult it was to compete at the international level.

Since then it has been interesting to talk to elite athletes about the difference between Sydney and Athens. My friend Jonathan Edwards won a gold medal with a worse performance than he gave when he did not win one. Sometimes the focus on winning gold medals is counterproductive; someone can perform worse than they might on another occasion, but if everyone else does that too, they may still come away with the gold, not even having achieved a personal best. We should think about whether success is measured in gold medals, personal bests or even world records. There are many ways of measuring how we are doing at elite level.

There are areas in which we are having difficulty. Track and field have already been mentioned. I am afraid that most people regard the Olympics as track and field, and that people focus their attention on that, rather than on other sports at which we may do particularly well, such as sailing, rowing and cycling—in which we are currently winning our medals. That presents difficulty for us, in relation to reaching elite level, and not just in 2012. We do not want to come away from Beijing without securing a decent number of medals. The danger is that the people who will be performing in Beijing are already in a world-class performance programme. We will not find them suddenly in school. Some may emerge late, and I hope that there will be many opportunities for that to happen, but, in reality, we shall be working with the pool of talent that we have now.

I am sure that those hon. Members who are lucky enough to have constituencies where parts of the English Institute of Sport are situated, and who know some of the 150, 120 or 200 international athletes on our campuses and towns, are very proud of our achievements. However, everything can rest on one day's performance. I am very proud that Paula Radcliffe is one of my constituents. We all know about the great hope: she was guaranteed a gold medal at the Athens games, but one day's performance can change things quite significantly.

We know from Sir Clive Woodward's performance on the Lions' tour to New Zealand over the past few weeks that someone can go from hero to zero very quickly in sport. I will not dwell on the Lions' performance, but they were supposedly our best prepared and best trained team and they had gone out there with as many back-up staff as players. I note that there are several Welsh colleagues present, and they will have their own reasons to explain why we were defeated. None the less, we provided the best and allegedly had the most elite players in that particular sport, but we still managed to come up short. Therefore, although it is right to talk about funding and other issues—and I shall come to those later—we sometimes simply need to have the right people, in the right place, at the right time. At the end of the day, that will have an important impact on our performance and our readiness for the Olympics, because not only a lot of preparation, but a lot of luck goes into these things.

The hon. Member for Bath and I seem to be shadowing each other in these debates, and we have a great common interest in these issues, because we have the facilities on our doorsteps. Seven or eight years ago, however, there was very little at Loughborough or Bath, although the universities both had great reputations, based on what they had supposedly done in sport. Now, Loughborough university consistently sweeps the board in the British Universities Sports Association championships. I first went to watch sport with the chancellor on a Wednesday afternoon, and of the 60 games in which the university took part, it won 57 at first, second and third-team levels in every sport. The vice-chancellor was disappointed that we had lost the other three games, but that shows the standard that was expected.

When one looks at the facilities, however, one sees that the elite swimming squad was swimming in a 25 m pool built in the 1950s—strangely enough, it was built for the old Loughborough college by my father-in-law, who was involved in property at county hall. One crucial point, which has been mentioned already, is that, because of the coaching that we had at Loughborough, swimmers came to the university not only from across the United Kingdom, but from the Swedish squad—we were producing medals out of a very old, defunct 25 m pool, which is still there and is still used. That demonstrates again that there has to be a combination of not only facilities, but coaching and the right athletes, who must be in the right place, so that they can be identified and can get through. There is, therefore, an element of luck, but we can only build on that luck by putting in place the right facilities, the coaching and all the other support that goes with that.

We are very lucky in what we now have in Loughborough. Some £35 million has been spent on the campus over the past four or five years. That has

[Mr. Reed]

attracted other facilities, and I am grateful that the cricket academy has its home there. A great deal has been learned cross-sport, and athletes in many sports have learned from each other simply by being in the same training rooms and the same athlete break-out areas and by using the same performance centre. All those things have enabled sports to learn from each other, and that will make an enormous difference.

Clearly, as part of the 2012 games, Loughborough, Bath and parts of Sheffield will be hoping to host major teams. The Chinese, for example, have visited the Loughborough and Bath campuses to look at the facilities, and I am sure that they have made favourable noises to both. Negotiating hard is a good Chinese technique, and they have raised expectations on both campuses. However, simply the fact that teams at that level would be willing to locate in our towns and are impressed by our facilities demonstrates how far we have come in eight short years.

I was on the Loughborough campus last Friday and I will be there again this week. I get a real buzz just from being there, from seeing the athletes, the work that they do and the facilities and from knowing that we are giving them the best opportunity. Seb Coe and Dave Moorcroft were at Loughborough in their early days, and when one talks to them about the facilities and opportunities that people have now, they go watery-eyed.

The reason, however, why we have had to make such changes is that the rest of the world has moved on, too. If we are to keep a level head on expectations, we must realise that, 20 years ago, very few people were competing in some of these sports, particularly at elite level and in the Olympics. Now, Ethiopian and Kenyan runners are running not only for Ethiopia and Kenya, but are being bought—literally—by middle east states and running for them. When our athletes come to the 5,000 m or the 10,000 m events, they often find themselves running against well honed and well trained athletes who can take positions one to 10 quite easily. Our heritage in middle-distance running has suffered somewhat as a consequence.

We must recognise that some of these things go in cycles. We have had excellent middle-distance runners, and we have had enormous 400 m squads and sprint squads but things shift over time. We put a great deal of pressure on young athletes, particularly the 18 and 19-year-olds who have to decide whether to go to the world junior championships or to the Olympics to learn their trade. Athletes, like the rest of us, learn from their mistakes. It is necessary to have enormous confidence—almost arrogance—to believe that one is No. 1 in the world. It is a British trait not to like such arrogance and to laugh at people who say that they are the best in the world and then fail. Other nations seem to be able to recognise that such an attitude is a positive attribute when it comes to sport.

As others have said, the time differences that won us the five gold medals in track and field at the Athens Olympics were, when added together, less than half a second. By the time that athletes get to the Olympics, all the preparation that they have done in the years since their talent was first identified in a junior club can boil down to a 100th of a second—there is a nose-hair's difference between winning and losing. We must ensure that we do not put enormous pressure on people; we must not only allow them to think that they are the best in the world, we must give them the facilities to be the best.

Loughborough is a fantastic facility. I spoke about what we have been doing in Bath and at other places because we have lagged behind. Loughborough was already doing well in the 1950s—it had swimming pools and other facilities—but we rested on our laurels for 30 or 40 years. We seemed to win medals almost by accident rather than by design. Although we have fantastic facilities, such as those in Sheffield and in Bath, we must keep an eye firmly on the ball, and modernise and update them. Otherwise, when we get to 2012, some of them could begin to look aged.

Some of the science that we learn in the next seven years needs to be incorporated into the work that we do in those places. For example, the performance centre at Loughborough university has strange-looking pieces of equipment that were specifically designed by athletes who wanted to replicate a particular muscle group or action. The machines have been built on the campus; they are not available anywhere else in the world. We have to develop such equipment all the time, and we need to stay ahead of the game. We need funding for ongoing support, even for capital projects in places such as Bath, Loughborough and Sheffield. I always mention Sheffield because I hope that we will be looked upon more favourably as a threesome than if I ask yet again just on behalf of Loughborough.

EIS is working, and so is UK Sport, but I come back to the problem that each of us has mentioned.

Mr. Don Foster: There is much that I would like to say about Bath in response to the hon. Gentleman's remarks, but I think that he knows it well enough. In passing, our winter sports facility has a wonderful bobsleigh training facility that he does not have in Loughborough.

Does the hon. Gentleman agree, however, that the Minister was right to reflect that a number of our elite athletes will not have the benefit of having gone to university? In Athens, 70 per cent. had been to university. We anticipate that by the time we get to Beijing, it will be as many as 85 per cent. Therefore, it is crucial to develop links with our universities. It is equally important to develop and add to good facilities such as those in Bath.

Mr. Reed: This is a crucial issue. In America, the collegiate system is almost the elite path. We have not designed anything like that. We do not have one unified system. When I went to university and, I am sure, when the hon. Gentleman did, only 7 or 8 per cent. of people went, so that was clearly the wrong route to use for sport. There were times at certain universities, probably even at Loughborough, when people would not have gone there other than for the sport, and they have managed to survive on the back of that. I am sure that Oxford and Cambridge did that, too. Some of their rugby teams looked like remarkably good rugby teams, but not like particularly good groups of academics. However, university was always a narrow path to sport.

The unique thing about Loughborough—I am not sure about Bath and Sheffield—is that we have a specialist sports college attached to the university, with

accommodation. I would say to my hon. Friend the Member for Sittingbourne and Sheppey that it is possible for a sports college to develop to such an extent that it can afford accommodation on site. We have some of the country's best non-public fee-paying tennis players based not only at the university but at the college. It is not necessary for them to be in higher education, but it is necessary for us to look at the accommodation and other facilities that we provide for those not going to university. They do not have to be at Loughborough university to benefit.

That brings us back to the structure problem. Each Member has talked about it, and, like others, when I came into post as a chair of the regional sports board, I asked for a map of funding streams and how things fixed together. At that stage, there were 57 funding streams to the region. A lot of that has been simplified, and I pay tribute to the Minister for playing a part in that and many other changes in Sport England. However, one still creates a horrendously complicated and compiex chart if one tries to understand how sport fits together.

If a constituent or club in my constituency asks how to get hold of money to do x, y and z, I find it extremely frustrating to give them a list of names and addresses, depending on the sport, that has at least seven or eight partners on it as a starting point. At that grass-roots level, we need to have just a single point of contact, even if it then draws down from others. We would not want to get rid of many of the bodies—for example, we would not want to abolish Sportsmatch. Individually they all seem good, which is part of the problem. I found in my discussions before the election and before the bid was finalised that most bodies—UK Sport, Sport England and the British Olympic Association, for example—all agreed that there needed to be a unified funding mechanism and that things should be tidied up. I suspect that the problem is that each thinks that it should run that mechanism at the expense of the others.

Now is the time for a mature debate—that is the politest way to put it—and some hard decisions. The bodies have had to make some hard decisions about the sports and individual athletes they fund, and it has been tough on sports such as triathlon, which is also based at Loughborough. However, the Minister, the Secretary of State, and possibly the Prime Minister have to take a grip. Over the summer, they have one opportunity to get everything right. It will be tough choice. I am glad the Minister is in that position of making it, but there is a golden opportunity. There is a unification in sport whereby people are willing to make a big leap. When there is nothing to win or to gain, people tend to hold on to what they have. However, as there is a golden prize of doing well in the 2012 London Olympics, I get the sense that sports administrators are willing to take a leap of faith and back the Minister in whatever decisions he takes to simplify and unify the system.

Having said that funding is not the be-all and end-all, I will also put my bid in for additional funding, although its stability is just as important. Most people can work on a little less if they know exactly how much they are getting for a longer period. The way that we currently fund sport relies largely on the lottery. That has worked well, and the Minister again deserves praise. He is finally sorting out a four-year funding period, so at least between each Olympics we have a rough idea of what we have for the funding period. However, I think that the period should be much longer. We always reach the point straight after the Olympics in which we ask whether we did well enough or whether we can scratch around to make a large enough investment for next time. Stability is crucial.

It was reported this week that UK Sport has asked for an additional £20 million a year to make a crucial difference. I know from some of the notes that I have received that that figure is roughly what it wants, and it sounds reasonable from my experience of what has been done in the past and what it could do in the future.

Finally, we should look at whether we reach the stage in which Exchequer finance plays a greater role in the funding of sport in this country. Fortunately, in 1998–99, Exchequer funding was doubled, although doubling not very much to not much more has not made a substantial difference compared with the losses seen in the lottery take. We know that the figures have reduced, although they reached a plateau and have perhaps risen in the past 18 months, which is good news. With the potential of an Olympic lottery, there may be a danger that we see a reduction as people switch between the two.

I have never bought a lottery ticket. I usually blame such things on my strict Methodist upbringing, but it is actually that I am mean and I do not like parting with money. However, I will be tempted to purchase Olympic lottery tickets. I know that I would be excited to buy into something worth while. People might also like the idea of a bond. I hope that the Olympic lottery generates additional funds, rather than reducing available funds.

As the hon. Member for Bath said, it is important to think about those sports not placed among the elite through UK Sport. One of the benefits of hosting the 2012 games is that we might enter teams for sports such as volleyball, in which we have traditionally not done well or in which our teams have not participated. We should take another look at some of those sports. We may have to make choices. We may not want to send a volleyball team to the 2012 Olympics simply to be humiliated in our own country. However, it is possible in those seven years to make a substantial difference.

The Americans did not have a particularly fantastic record in volleyball over the years, so rather than looking for people who could be trained to become volleyball players, they looked for those who had the physiology to make good volleyball players—for instance, people who played basketball or other similar sports. The rest is history: America went on to do well in the medals table.

With a concerted effort, with a great plan, with the backing of the sports' national governing bodies, with funding from UK Sport and with funding through our support for specific sports, it is possible for those who have not done well in the past to achieve great things. We know from the medals tables that the host country always does better per medal, per funding and per participant. It is a golden opportunity.

We also need to manage our expectations. It has been quite exciting over the past couple of weeks to see young children talking into microphones or attached to a camera crew saying, "Yes, I'm going to be the next 800 m champion." However, when we work out the age groups of those individuals, we can often see that they are not going to be ready to win medals in 2012.

[Mr. Reed]

We need to tap into that enthusiasm, but it must be done with a sense of realism. The last thing I want is for 2012 to be a fantastic success—and then nothing. There will be a dip, just as we see with school sport; there is great participation until the children are 13 or 14, particularly among girls, but it then drops. The same happens with Wimbledon. For two weeks, there are no free tennis courts; for the other 50 weeks of the year, they are all empty. We must tap that enthusiasm and ensure that it feeds into grass-roots sport, but we must also identify talent so that we have a pool of people to go forward to the many other things happening before 2012.

We have concentrated on 2012 and even Beijing, but there are also the athletic world championships, the Lions tour, the rugby world cup in 2007 and the football World cup in 2006. We have some fantastic opportunities even between the Olympics for participants to shine in the major sports, but there are loads of world championships in the minor sports. In fact, we have hosted about 50 world championships since 1997. We sometimes think that we have failed unless we can host the Olympics or the world championships in the major sports, but we have won most of the bids that we have put in for world championships. We have a proud record.

I do not know whether he was paid to say it, but Federer said that Wimbledon was the greatest tennis tournament. Indeed, we say it ourselves. None the less, we have a worldwide and growing reputation for giving elite performers a chance to participate here. We have moved on since the troubles with Picketts Lock, Wembley and so on. We now have a system in place that recognises what needs to be done to win the hosting of such tournaments. Again I congratulate the Minister on his part.

I know from my discussions with elite athletes—not only those at Loughborough but others whom I know—that they all have their own way and their own path to success. Many have achieved it despite the system rather than because of it. Whatever is said today and whatever we do to create a perfect system, it still may not work for some—yet even they can come through. However, the two key themes highlighted by the hon. Member for Faversham and Mid-Kent, which we must get right before 2012—if we do not, we will suffer badly—are funding and structure. I look forward to hearing about the Minister's plans, his negotiations and the assistance he may need to increase funding. I look forward more importantly to the plans he has to improve the structure of sport and the speed with which we can deliver not just for our grass roots, about which we like to talk most of the time, but for our elite athletes, who we would love to see, to cheer and to support in London in 2012.

4.15 pm

Mr. Eric Joyce (Falkirk) (Lab): I apologise for not being present in the Chamber at the beginning of the debate. I was in Committee and had intended to attend the debate, but I was held up. I was sitting in my office watching this debate on the monitor, when I heard an exchange between the hon. Member for Bath (Mr. Foster) and my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt), which encouraged me to get down to the Chamber toute de suite to pass comment.

The hon. Member for Bath mentioned judo. Today's debate is entitled "Elite Sports", rather than "Elite Athletes". To the hon. Gentleman's credit, he made that distinction. My hon. Friend pointed out that funding should follow success, and that there was success in certain sports at the previous couple of Olympics. If funding follows success, however, there is a tiny danger that we will, in the most benign way possible, create a conservative formula. Of all UK medallists at the 2000 Sydney Olympics, 80 per cent. had attended private schools. That statistic radically improved for the 2004 Athens Olympics, but it was still 40 per cent. If we do anything before 2012, and we could do many things, we should sort out the fact that such a low proportion of our Olympic medallists attend state schools.

There is a gamut of reasons why private schools do as well as they do. One could argue that they take sport much more seriously, that they have historically had more money to invest in sport, and that, as a consequence, many private schools have the most fantastic facilities. Arguably, the best example is Eton and its rowing facilities, which are absolutely marvellous, and it produces the most fantastic athletes.

I agree that there should be a link between the sports of Olympic gold-medal winning athletes and funding, but the link should not be absolute. There is a danger if funding follows medals. When gold is won by a rowing eight who are marvellously good-looking, super-athletic and hugely articulate young graduates, they are all over the television when they return to the UK and, needless to say, the size of rowing as a sport in Britain and the space that it takes up in our national consciousness becomes huge. Meanwhile, some judo man or woman who gets a bronze medal, who does not come from the same educational or social background and who is not as televisual does not have the same impact.

That is the only point that I want to make, but, as you would expect, Sir John, I should like to extend it. We ought to be very careful about the idea that funding should necessarily follow success. Between now and 2012, the Olympic agenda, as much as any other Government policy, should be a social agenda. There is a great deal on which we can all agree, such as how much we should increase spending on sport and how we can achieve enormous amounts as part of the richness of our national culture and in all sorts of other ways, but I say to Government Members in particular that we must remember that a social agenda permeates all our policy, and the Olympic agenda is part of it. That might sound like I am trying to create a gap in the all-party consensus, but I am not. I would be hugely disappointed if, as a consequence of how we fund sport through the Olympic lottery, the current lottery or Government funding, we were to celebrate a huge clutch of medals in 2012, but we were to miss the fact, as most people do, that people have a much greater chance of being successful in the Olympic games if they attend a private school. The reality is that the vast majority attend private schools.

I am in no sense being critical of private schools; in fact, in many ways the state school sector can learn a great deal from them. One of Scotland's finest Olympic gold medallists, Chris Hoy, attended a good private school in Scotland. If one has the talent, there is a natural inclination to do well, and one will attend a well funded private school where sport is taken seriously.

However, if funding simply follows success, and historically success correlates closely with social class, there is a grave danger that we will be justifying a sports funding programme that perpetuates the class divide.

To put my credentials on the line, I was never marvellous enough to be the best sportsman in England at any sport, but I was once the Scottish judo champion, admittedly not in the most shining year for Scottish judo. So, I have a sense of how hard sports people work.

Some sports are less celebrated. The idea of an elite sport may be vaguely acceptable as a technical category for accounting and funding, but the term "elite athletes", which my hon. Friend the Member for Loughborough (Mr. Reed) and the hon. Member for Bath used, makes more sense. People in minor sports face challenges that are often missed. For example, if someone declines in performance in a minor sport for a year or two, they are finished. They probably earned no money from the sport anyway. Someone who plays a team sport can move around the team and if they are hugely talented take part over many years in Olympic games. I think of rowers, many of whom are highly talented. They can sit in a four, an eight, a coxed two or a coxless two. There are many options. In minor sports—I call them that although it is a pejorative term, as it is the one by which they are normally referred to—that is not an option.

There is a correlation between social class background and the sports that people take part in, particularly for sports such as judo. The British Judo Association may pull me up for making this point, but judo is taken up primarily by people from working-class communities. I was the British student champion, so I know that there is a strong student base in the sport, but the great majority of people attending judo clubs throughout the country—and there are many of them—come from working-class backgrounds.

My single point, which I have greatly extended over five minutes and which I reiterate one final time for the Minister—he might want to say whether he agrees with it—is that the Government's social agenda extends to the Olympic games. When we consider funding formulas, be they using the Olympic lottery, the special lottery, the national lottery or other aspects of Government funding, we must take into account people's background. It affects which sports they take part in and the possibilities that they have to reach the Olympic games.

4.22 pm

Mr. Caborn: I thank all hon. Members for their contributions. They have been incredibly positive. Sport is one of the things that brings people together. When the IOC was here and we were trying to present our case forcefully, which we did successfully, one of the highlights occurred at No. 10. I sat round the table at No. 10 with the IOC committee and the evaluation team. On the other side were the leaders of the Opposition parties—the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) and the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy)—and the Prime Minister in the chair. They all sang from the same song sheet. I thought, "Five or six weeks before a general election, what else could bring all those people together to sing from the same song sheet?" Sport did that—hostilities broke out five minutes later, but at least sport had that effect for that period.

It was also interesting, as the IOC team was going from London to Paris, that a question was asked about the trade unions. A strike was about to take place in Paris. I flicked a note to the Prime Minister saying that Seb Coe was the only Tory who had ever addressed the TUC. I think that that is right. Anyway, it was the information that I had been given, so we all had a good laugh at Seb's expense. That showed the power of sport, and how it can be used to unite people.

My hon. Friend the Member for Falkirk (Mr. Joyce) talked about minority—or minor—sports. When I was in Salt Lake City I had an opportunity to do some curling. I did not do it very well, because I forgot to let go of the stone and went with the ruddy thing down the ice. None the less, it was amazing to see how many people watched that final. I cannot remember the figure, but it was huge—about 9 million. Probably 99.9 per cent. of that viewing audience had never watched curling before, but they got behind the team. It is incredible how sport, even what is by any definition a minority sport, can lift a nation.

It is fantastic that we have the Olympics, but as hon. Members have said, that event will not happen in isolation—make no mistake about that. When I was given my job as Minister I was told that sport had to be fundamentally reorganised to deliver Government policy on health, social inclusion and education, that it was an asset that was being massively underused, and that there had to be a root-and-branch reform. That is what we are doing. We have gone through the school structure to deliver first two hours of sport, then two to three hours beyond the curriculum, which I hope will lead to five hours of quality physical activity for every child.

We are not doing that because it is good for sport per se; one of our main targets is to reduce obesity among children under 11, because type 2 diabetes in young people has increased by a factor of four since the 1980s. That is a time bomb. There are practical reasons why we want to get the nation more physically active and playing more sport; that will deliver on the health agenda, and prevention is better than cure.

We know that every time a kid goes off the rails and has to be put in secure accommodation, it costs taxpayers £100,000 a year. It would be better to keep those kids doing judo, boxing and so on. I am deeply involved with Brendan Ingles in Sheffield, who has certainly kept more kids out of jail than any probation officer. On a Saturday morning 100 of the roughest and toughest kids are at his gym—and they all learn discipline, because when they go into the boxing ring they are on their own. They have to have respect for their bodies, so they cannot take drugs and so on. That addresses the social exclusion agenda, too.

For the first time we are measuring the impact of sport and physical activity on academic attainment levels. When sport is at the centre of a school's ethos there are fewer exclusions and less truancy, and academic attainment levels rise. It brings discipline and gives young people a focus. That is a wide agenda, which is why the Government are investing in sport to deliver their policies, and the two hours' commitment, the

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further two to three hours of sport, and club-to-school links contribute. It is also why we are investing in coaching structures, introducing the level 5 certificate or grading and putting in 3,000 community coaches to encourage talent identification in secondary schools through TASS and the 2012 scholarships, and linking that to the EIS. That will produce one of the most sustainable sports structures probably anywhere in the world. It will be exciting both to have mass participation and to deliver the elite agenda. Much more needs to be done, and many changes will be needed. However, the agenda for sport has been taken up and is being used effectively.

I shall go through the specific points that have been raised, because it will be interesting to consider them against that background. On funding for the Olympics, I know the arguments about the 12 per cent. betting tax, but that is a matter for the Treasury. If, as Minister for Sport, I am asked if I want more money for sport, the answer is yes I do, and I will continue to argue for it. It was great to get rate relief for community amateur sports clubs—an idea that had been whizzing around the sporting world for about 20 to 30 years. Coupled with the four or five tax breaks available to those clubs, that means that we are moving in many and varied ways to bring more money into sport.

The budget and the financial framework for the Olympics are very robust. Before we could convince the Treasury that going for the Olympics was right, the Secretary of State and I visited many cities that had run the Olympics. I went to Sydney, Moscow and Munich, and twice to Athens, as well as to other cities, and asked a simple question: "What would you do differently if you had the Olympics again?" Certain themes emerged. For example, do not underestimate the budget, because having to go back on the budget means being seen as a failure. The budget should be robust, realistic and sustainable.

Another recommendation was to get the necessary planning permission and compulsory purchase orders for all the facilities being developed. Broadly speaking, we have done that. The budget is robust, although obviously, the Treasury is a lender of last resort. That was drilled in deeply when the International Olympic Committee was here closing the chapter on finance.

Of course, I would still like there to be more investment in sport. People are not throwing figures around with regard to elite sport. We clearly stated that we want to project two four-year funding streams for the periods between the Athens and the Beijing games, and the Beijing and the London games. We must work to those cycles if we are to bring young people through the system. The first such cycle is being put in place, and commitments for it have been made on the back of the old sports plans, which governing bodies have presented to UK Sport. We are investing on that, and that is where discipline will come in.

The approach in the Chamber has been realistic, but things are a little different out there. We must be realistic about attainment levels and how they are reached. If standards do not come up to scratch, funds will be withdrawn. We began that approach after the Sydney Olympics with swimming, for which we had the worst medal tally—reduced by 50 per cent. A new coach, Bill Sweetenham, was brought in, and within two years the team had taken the best haul of medals since the 1970s at the world swimming championships. That was about focus and ensuring that people were serious. We are serious: things will not be sloppy any more. If we are to drive the agenda for the elite, there must be discipline. There are four sports whose representatives are sending letters to me in droves, but I shall refer them to the hon. Member for Bath (Mr. Foster), and say that he told me that I had to be disciplined and ensure that the agenda is carried out.

Mr. Reed: The Amateur Swimming Association is based in my constituency. Most people would accept that the swimmers secretly expected to get only two medals at the Athens Olympics, although we might realistically have expected to get eight, which is why their performance was regarded as a bit of a failure—but the same swimmers succeeded and did so well at the world championships. Does the Minister agree that it is dangerous to focus on medal tallies? Good performances do not always lead to gold medals. If everything depends on gold medals at the Olympics and other factors are not taken into account, sport could miss out in the long run.

Mr. Caborn: That is right. Although we just missed out on the medals, we got into about 17 finals, I believe. With half a second's difference, we could have had one hell of a medal tally for swimming. I know that the team was disappointed by the medal tally, but the quality of team members got us into those finals. I look at those aspects as well as at medals.

I am confident that that kind of financing for the Olympics is robust, but hon. Members also asked about finance in general. That is difficult. We have only to consider Sport England. When I came to this job, about 80 or 90 schemes had been hatched up and passed from the centre to regions and sub-regions. People simply ticked the boxes and got the dosh, and nobody ever did any measuring. We spent about £1.15 billion and increased participation by only 0.3 per cent., so that was not a huge success. That aspect needs to be addressed, and we have been doing that with the regional structure, which has been streamlined, but not to the degree that I want; work still has to be done on that.

Things are changing in sport. People can talk about the independent school sector, but if we consider the private sector in sport generally, we see that it has changed dramatically over the last five, 10, 15 and 20 years. The number of sports clubs and health clubs has increased. There are more swimming baths in this country now than we have ever had, and there are more in the private sector now than in the public sector, which is a change. We have to manage the changing landscape.

It is people from social classes A, B and C1 who tend to join health clubs and private tennis clubs, and we have to be careful that the public sector does not deteriorate. The challenge for the public sector is to lift the quality. There is an arrangement involving JJB Sports whereby indoor five-a-side football has been linked to a health club and a swimming complex. That is working well and bringing in many Cs and Ds through the medium of football. Local authorities, too, are spending considerable amounts of money directly and making a major contribution. When we talk about

funding sport through the public purse, everyone looks at Sport England or UK Sport, but funding goes much wider than that.

With my colleagues at the Treasury, I have been working on mandatory rate relief for CASCs—community amateur sports clubs. Tax breaks and mandatory rate relief bring in considerable amounts of money. I think that some 3,000 genuinely amateur clubs are now receiving about £6 million a year. I am talking about not just one grant, but money year in, year out. Once those sports clubs get the tax breaks and the mandatory rate relief, they represent continued investment in the clubs. We have to consider these innovatory ideas on financing and ensure that we continue to push them forward.

On the structure of sport, which was the second question—

Hugh Robertson: I accept everything that the Minister is saying about the financing of the Olympics. I am sure that the process has been fully drilled down and is robust, but the key point is surely that part of the success of the London bid was that we were going to deliver on a much wider agenda. We were going to reinvigorate sport in this country in a way that had never been done before. I take what the Minister says about rate relief and so on, but I cannot see that the promises can be fulfilled without some front-end loading from the Exchequer, so the question for him is: are there any Government plans to front-end load the development of sport through Exchequer funding?

Mr. Caborn: I am not sure what the hon. Gentleman means by "sport". If he is talking about the Olympics, I can tell him that there is no doubt that the strategy that we put forward is to front-load the vast bulk of the investment. Why? The answer is simple, and again we learned this as we went around the world. We have to have the starting blocks in place. Misc 25—the Cabinet Committee dealing with the Olympics—met yesterday, and will meet again next week. The Bill on the Olympic delivery authority was already drafted; some hon. Members here know what is in that Bill, and we hope to have all-party support for it. The lottery Bill was also drafted well before we knew whether we were going to win. Today, we are three years ahead of where Athens was at the same stage.

We start pressing the buttons on Tuesday, when the London Olympics Bill will have its Second Reading. As I said, Misc 25 met yesterday and will meet again next Tuesday. Why? If we can get the contracts laid, whether for power lines or for a stadium, we are in control. Once people move towards the finishing date, they start losing control, and that is when it becomes costly. We have learned from the dome, Wembley, Picketts Lock and the Commonwealth games. When I was appointed a Sports Minister, my first job, with the Secretary of State, was putting another £100 million into the Commonwealth games. The sum went from £200 million to £330 million. That was to rescue the project; it would have gone belly-up otherwise. That was, in my view, crisis management. Why did it happen? Because there were underestimates in the budgets and then people were scrabbling around for money.

I can assure hon. Members that we will not go down that road with the Olympics. We are clear about the three stages: winning the bid, delivering the infrastructure and delivering a first-class games. Three different sets of skills are involved, and the investment needs to be front-loaded. That is what we are talking seriously about now, and that will be the most cost-effective way to deliver the games.

I agree with the point made about the structure of sport in the sense that we have been trying to rationalise it. That is why we have the regional sports boards—to reduce the influence of the centre. I am talking now about Sport England. We undertook that rationalisation with the aim of engaging the wider constituency of health, education, local authorities, business and the private sector at the regional level to work towards a benchmark, with a target of increasing participation. Away from the schools, we want to increase national participation in sport by 1 per cent. per annum. Only one nation—Canada—has achieved that before. However, we believe that it is achievable.

A third of the nation is doing what the World Health Organisation says that they should do: five half hours per week of reasonable activity. One third of the nation do that now, and we think that another third want to do it, and will do so if we give them encouragement and adopt a user-friendly approach. The other third will be more difficult to deal with, and we will probably have to adopt different schemes for them. Sport England has a clear target of increasing participation year on year, and linking that to what we are doing to change the culture in schools.

This debate is about elite sport, but it is also interesting to note that for the first time in decades we are consciously having to build physical activity back into our daily lives. For the past decade or more we have been taking physical activity out of people's daily lives, whether by taking stairways out and replacing them with escalators or lifts, or through town planners or architects designing towns such as Milton Keynes around the motor car, whereas now there are attempts to reintroduce pedestrianisation.

The current approach is to try to build physical activity back into our daily lives rather than designing it out. That is a big challenge, not just for sport, but for providers of other services, including architects, town planners and the health service. That is why we have tried to change the structure of sport to engage those constituencies that have a vested interest in it, such as health, social inclusion, education and the private sector. Those who are more progressive in the private sector know that a healthy work force are more productive work force, which will help them to hit their bottom line. We want to work with those forces in our communities and our society to ensure that we can deliver that agenda. That is why the structure of sport has been changing over the past few years.

A question was asked about the impact of devolution. Devolution is here, and we have to manage it. We have problems with the organisation of sport. For example, next year, Scotland, Wales and England will be competing against one another in the Commonwealth games in Melbourne, but two years after that, in Beijing, we will be there as a British team, in which all those elements will be brought together.

We have to manage the results of devolution in sport, which is sometimes difficult. For example, some of the governing bodies of sport are UK-wide and some are

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nationwide, which creates some complications. However, because of the role that UK Sport is now playing, it is seen as the lead body and is bringing others in, such as the English Institute of Sport, the British Olympic Association and the governing bodies. That is why I was pleased with what came out of the performance directors meeting called by the British Olympic Association and attended by UK Sport. I said that we needed to work in that partnership and set up a one-stop shop, rather than one-stop plans. If we can keep that type of honesty of purpose and partnership, I am sure that we can deliver a well invested and well focused structure not just for the Olympics but for the many other international competitions that take place. We must manage the effects of devolution through UK Sport.

I want to make more rapid progress on school sports links. Our 400th partnership will come on stream in September 2005, which will represent the completion of about one partnership for every 100,000 people. We are talking about one sports college, eight secondary schools and 30 primary schools.

We are also talking about 3,000 school sports co-ordinators—which means a teacher having two days a week off, fully backed up by another teacher. There are something like 20,000 primary teachers linking from primary to secondary schools, for which they get 18 days a year off. That scheme is having a major effect, and we will continue to roll it out; the investment is in place. When we started having school sports co-ordinators the process was funded by the lottery, but it is now being provided by mainstream Department for Education and Skills spending, which shows the real commitment the Government have to the sustainability of the structure of sport.

The linking of schools to the club structure is absolutely vital; there is no doubt about that. If we are to address the 70 per cent. fall-out figure, that is where we have to do it. There are other challenges to our governing bodies. It is interesting to talk about extreme sports, team sports and so on, and we have to be much more creative. That is why we are trying to encourage the development of multi-sport centres in the public sector and joining the private sector in with that process wherever we can.

I ask Members to think about football. There are more than 40,000 football teams: it is the biggest game played. There are between 2,500 and 3,000 rugby clubs, and roughly the same number in cricket. I mentioned the film "Bend it like Beckham" earlier, and asked what sport young girls will want to play. They will want to play football, and we can get them to play football—but at the same time we can get them into an environment where someone will put a tennis racket or a hockey stick into their hand, and let them play sports such as basketball. The way to get young people involved is by letting them choose a sport that they want to play, and we must encourage sports to come together to develop multi-sports clubs. We need that process instead of the silo thinking that we have had in sport. It is a legacy of our sport; it does not happen on the continent, and there are multi-sports clubs in Germany, France and Holland.

We are trying to move to a situation in which people can get their experience from the community, not just the school. That is why the big four sporting bodies are working together, and other governing bodies are now coming on board. That is part of the way forward, as is linking clubs to schools, which is why we are continuing to invest in multi-sports clubs through Sport England and local authorities.

To be honest, I cannot go into dates but the whole thing goes wider, because health issues can be built in. We can build health centres there, and many doctors are considering bringing coaches into their surgeries and multi-skilling them so that they can deal with obesity. People who promote physical activity can resolve the ailments of many people without the need to stuff pills down them, but we need people from the sporting world who are skilled enough to do that. That is why multi-skilling of coaches is important.

Coaching will present a challenge. We have come a long way, with the great support of the governing bodies, which have all now bought in to the coaching certificate through UK Sport. Will coaching now become a profession in the sense that being a teacher or a doctor is a profession? Will we have professional coaches—not just people who are paid, but people who have entered a profession? Those involved in sport have to take that idea on board and consider whether it should happen.

That takes us back to the point mentioned by the hon. Member for Bath, which people were bending my ear about when I was down at the university of Bath the other day: what is higher and further education doing about skilling throughout the whole infrastructure of sport? We now have the first doctorate in sports and exercise medicine; it is crazy that that has happened only in the past few months. It has been argued about for a considerable time, but now we have got it. If we are serious about upskilling the sporting infrastructure, we have to talk about coaching and other professions in the sporting industry.

As for the fifth question that the hon. Member for Faversham and Mid-Kent (Hugh Robertson) asked, there has been a debate about whether testing should be taken away from UK Sport. All I can tell him is that the PMP report was done, and we were very open about that process. We showed people the terms of reference and they were critical, saying that this was a case of the poacher turning gamekeeper. We told them to go away and look at the report and they came back saying that there was no conflict of interest, and there were proper Chinese walls, even though the elite athletes were both paid and checked for drugs. We put that report straight on to the web, unfettered, to let everyone see it—and told people that the decision that we had made was to keep testing within UK Sport. That is the basis on which we acted. The evidence is there, and that is how we made the decision.

The hon. Member for Bath mentioned tough choices. He is absolutely right, and the structure that we have in place with the governing bodies is now dealing with them. We never have enough public investment and, as the Minister for Sport, it is my job to prosecute the case in Whitehall. I believe I have been reasonably successful with the Treasury, because sport is fit for its purpose. We can invest in sport with confidence that the outputs will have an effect on the Government's agenda on

health, social inclusion and education. That makes is easier for me to ask for more money to be invested in sport and physical activity. Coaching is also important, but I have already spoken about that.

My hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) referred to regional initiatives. This evening, I am going to a meeting with Charles Allen of the nations and regions support group that was set up under London 2012 to consider how we can prosecute initiatives for the regions in a number of ways. In my own area, this has even brought Leeds and Sheffield together. It is unique to get people from Leeds and Sheffield talking in the same room, but it has happened. The same has happened with all the sports facilities in Yorkshire, with the proactive work of Yorkshire Forward, the regional development agency, which is starting to approach teams and countries about who they would like to see in Yorkshire in the run-up to 2012.

Mr. Don Foster: I hope that at his meeting tonight, the Minister will congratulate the chairman of the nations and regions support group, who did a fantastic job as a member of the London 2012 team. Is it the intention of the Government or that group to provide, as a matter of urgency, an information pack or some other source of information for the groups that are springing up around the country and wondering how best they can work in their regions and localities to benefit from the successful bid for the Olympics?

Mr. Caborn: Yes. That is exactly what the group is doing while we are having this debate. On the other side of the Thames, it is discussing how to move the agenda forward since gaining the Olympics. Some chairmen of regional development agencies are with Charles this afternoon, as well as others. They are doing that now. We are pressing many buttons. We were ready to move when Jacques Rogge said "London"—it was the nicest way I have ever heard "London" said in my life—and regional initiatives have already started.

I like the school report mentioned by my hon. the Member for Sittingbourne and Sheppey, who knows that there are hurdles to overcome. If we are serious about the health of the nation we must bring school reports into focus for parents.

My hon. Friend the Member for Hove (Ms Barlow) said that the sea was free, which is true. Extreme sports have access to funding from the talented athlete scholarship scheme—TASS—and they are important too, as are individual sports. There is a big drift away from team sports to individual sports and we must respond to that trend by providing facilities, coaching and so on. Young people on the edge of society sometimes get a thrill from extreme sports, and that can bring them back into mainstream sports and mainstream society.

We provided money to the Lawn Tennis Association, as we did to rugby union and, to a lesser extent, cricket. We required it to look at club structure and club-school links and to invest the money in certain categories. The structure was found wanting, because many clubs were in the leafy suburbs rather than downtown and I asked who would be the next Williams sisters, and who would be the next Tiger Woods. The challenge, which applies to tennis, cricket and other sports, is how to take sport to the heart of communities. I am convinced that there are Williams sisters in downtown Sheffield and downtown Manchester. We must give kids the opportunity, which is why we are keen on TASS. The scheme is not just for those who go into further or higher education but for those who leave school early.

Someone said that our footballers are not the sharpest pencils in the box—but by God, they can perform on the park. They probably did not go to university. In fact, some of the best performers in football and other sports have not been academically bright, so the academic attainment system has not fed into sport. We need a structure in which everybody has an opportunity, whether they are a plumber's apprentice or are about to start a PhD at university. That is what we must remember when talking about talent identification.

I know that the LTA is making great strides to ensure that it has a structure that is fit for purpose and that can attract a lot more young people. From time to time it gets embarrassed when people such as my hon. Friend the Member for Sittingbourne and Sheppey reminds it that we do not have many players reaching the finals at Wimbledon. That may change, perhaps as we follow Scotland, which is showing us the way in tennis.

My hon. Friend the Member for Loughborough (Mr. Reed) asked about funding. Whenever we can give out more funding, we do. However, he is right to say that we need a mature debate about the single funding stream. The situation is like congestion on the roads—people always think, "It's that bugger in front that's the problem, not me in my car." It is a bit like that when bodies are asked whether to give up some of their sovereignty; the situation becomes a little more difficult.

There is now a maturity in sport, however, and our collective work with the Olympic bid has shown that when we are focused and the team works together, we can make things move considerably. We have a great opportunity to consider the system, and I have said clearly that I want to ensure that the BOA, the EIS and others are constituent parts of UK Sport, through which we would fund them. That is where the bodies would have their arguments about how to dispense the money, and their performance and output will be measured.

As I said, there is now a maturity, and in the past few years there has been a change in the quality of people in governing bodies. I do not mean that in a derogatory way, because some people who have spent their lives in sport have been fantastic—but if we are to compete with the best in the world, we need not just the athletes, coaches and physios but the administration. That has to be professional if we are to take on the rest of the world, and the capacity building that has been done by the governing bodies, aided and abetted to a large extent by UK Sport, is starting to have an effect.

We are at the cutting edge of technology. If we can take the intellectual property from an athlete and transfer it into services, wealth creation and products, that will be a bit like what happens with a Formula 1 car. What is in a Formula 1 car today is in the luxury car market tomorrow and the volume car market the day after. That is technology transfer. Like a Formula 1 car, athletes throw out knowledge and expertise about pushing themselves to the extremes. We can capture and

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transfer that, which will involve wealth creation as well. We have a fantastic opportunity with the Sheffields, the Loughboroughs and the other universities, such as Durham, which have started to think about setting up spin-off companies. There is commercial investment in some of them, and they are considering what the products should be.

In terms of our challenges on quality of life and health, a lot of the improvement can come through what we are doing with sport and physical activity. The challenges are great; the opportunities are immense. The fact that we are now focused on 2012 will give us an edge, and this debate has reflected the fact that we will all work together to get the maximum out of it.

Question put and agreed to.

Adjourned accordingly at one minute to Five o'clock.

Westminster Hall

Tuesday 19 July 2005

[MR. DAVID MARSHALL *in the Chair*]

End-of-life Care

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Roy.]*

9.30 am

Mr. Frank Field (Birkenhead) (Lab): May I first say how pleased I am that we are having this debate today? I shall give a history of the reasons for it. I wrote to Mr. Speaker to ask for a debate on dying, as did my hon. Friend the Member for Meriden (Mrs. Spelman)—I shall happily call her my hon. Friend today; no doubt we shall both say in our own way why we wanted the debate. It is significant, however, that the title of the debate that appeared on the Order Paper was "End-of-life Care".

One of the main points that I shall make is that dying has largely been taken away from us and from society, and has been privatised and hidden away. That is a huge loss for us. In the past, most of us would have lived in families in which we experienced other family members dying, and we would have learnt from that dying. In helping those individuals, we would have learnt some of the great truths about living. If there is one idea that I want to advance, it is that we should view life as a great play—but that we have now got ourselves into a habit of mind whereby most of us leave the theatre before the last act. That being so, it is very difficult for most of us to make sense of why we are here, and what our purpose is.

As I said, the request was for a debate on dying—a subject that I hope we shall easily be able to include under the title "End-of-life Care". The request was made because my hon. Friend and I want there to be greater public recognition that dying is one of the most crucial parts of our lives. That simple fact needs to be recognised and given the place in our lives that it warrants. I hope that the debate, with hon. Members of very different views and backgrounds contributing, will challenge the view that dying is a private event that most people negotiate alone. It will be a debate that questions why most people die alone. I suggest that it is out of embarrassment and more that most of us shy away from this simple but crucial event in all our lives.

The Minister will be relieved to know that I am not asking for any major Government initiatives on this subject. It is not that sort of debate, and it is not that sort of issue. There is, of course, a role for Government. That official role is to help us to see the extent to which our full humanity is often and mysteriously completed in the process of dying.

Why have this debate at this time? For me, the first and perhaps most important reason is that my own mother died a few weeks ago. I was struck by how unprepared I was for that event, but also by how well prepared she was. Looking back on it, I am appalled at how much she needed to teach those of us around her about the process that was going on, and what she wanted from the process of dying.

The debate was also initiated because of the work of a constituent of my hon. Friend the Member for Meriden—James Woodward, the priest warden of the Foundation of Lady Katherine Leveson. Part of the debate is about not only the celebration of dying itself, but the fact that there can be a centre of such excellence, which is trying to help us to address this key question. James Woodward recently published a book entitled "Befriending Death". In other words, although it is the natural response of many of us, we should not be frightened of death but regard the process as a friend, and a crucial part of our lives.

It is appropriate that we are having this debate now, because in the last week we have heard of the death of Dame Cicely Saunders, who did so much to transform the care of people who are dying and to deal with, and wherever possible eradicate or minimise, their pain. She thought, as her foundation continues to teach, that there is also a spiritual side to our nature that needs to be recognised in the process of dying. The spiritual side does not have to be attached to any religion. People can be highly spiritual and have no formal religion—and as we know, there are also those who are highly religious yet still manage to disguise any spiritual side of their nature, whether they are living their lives fully or in the process of dying.

James Woodward's book is, in its own unique way, a response to a best-selling Consumers Association pamphlet published 40 years ago, "What to do when someone dies". Forty years later, the book asks an even more pertinent question: what do we do before someone dies? In posing that question, I do not suggest that we do not need to be prepared when somebody dies, but I am trying to get back into the public debate the fact that the process of dying is the last great act of the individual play that each of us has to enact in this world. While I draw a great deal on James Woodward's work, I also draw on the work of Dr. Anne Richards, a member of the Archbishop's Council team who has written profoundly on this issue.

Let me suggest five reasons why some of us find dying such an uncomfortable issue to deal with. The first, and most obvious, is that we live in what has been called a death-denying society. Most of us gear our lives to the future: we plan what we are going to do at the end of our Session—where we will go, what holidays we will take, what is happening in our constituencies and what we will do with our families. The crucial point about dying is that we have to give up thinking about the future, and take on a different frame of mind. The first reason why dying is such a difficult topic for us is that it strikes at the basis of the society that we enjoy being part of but which, because it is so death-denying, is a significantly impoverishing society.

The second reason is that the process of dying is immensely important, and each of us needs to learn how we are going to do it. For most of our lives, we do not question how our bodies live. We take that for granted until we come to the final stage, at which we somehow deny that our bodies have a right to do their dying in their own way. The second challenge, therefore, relates to the process of how we die and how we surrender to our bodies, to allow them to continue doing the work for which they were created.

[Mr. Frank Field]

The third challenge to our death-denying culture is that our society is very bound up with the body beautiful. Practically every advertisement for the things that people think we need to lead happy lives would lead one to think that everyone in our society was aged between 15 and 23, and possessed remarkable beauty. The body-beautiful culture is reinforced by the status that we have surrendered to celebrities, or built up around them, in our everyday lives. The debate is about the fact that it is all too easy to overlook the way in which we indwell in our bodies, and that our bodies have a right to die in the way that they wish, rather than in the way that other people might find convenient.

The fourth challenge that a debate on dying poses to our common culture is that it is a full frontal attack on the view that we are not proper people unless we are in control of everything in our lives, including the people who make our lives worth while. Each of us has to face the crucial fact—indeed, some of us are facing it now—that our bodies grow old and change, often in ways that we cannot control. Again, however, there is individual and collective denial of the whole process of living and indwelling in our individual bodies. Our bodies therefore behave in a way that offends our modern view of how we and the society around us should operate.

The fifth challenge is to our abhorrence of the possibility that our frail bodies, which our modern culture somehow despises, should become the final arbiters of the relationship that we have had, and will have, with what is known as the process of our own lives.

The debate is about those fundamental challenges. I hope that others will talk about the palliative care that we rightly offer to people who are dying, because we too might live out our last moments on this earth in such circumstances. I do not want to minimise the importance of that issue in any way, but I am trying to draw the debate slightly wider. Given your background, Mr. Marshall, you will have recognised from the beginning that this debate challenges the growing voice in favour of euthanasia. The euthanasia lobby is now much more slick at presenting its arguments, but the debate is a challenge to members of that lobby, because from their angle, the idea is that we should be able to control the final parts of our lives and decide when they will be completed. I question whether we should have that view of control, and, indeed, whether we should have a right to have such control.

Joan Ruddock (Lewisham, Deptford) (Lab): May I offer my right hon. Friend my condolences on the death of his mother? I identify very much with his opening remarks, in particular. However, when he speaks about the fact that people's bodies change, he must, I think, allow that people's attitude to their death may change too, that even the best palliative care available may not satisfy the person who believes that their time has come, and that they should be in a position to make that decision. No one wants to impose that on others, but my right hon. Friend has spoken much about the individual's spirituality and philosophy, and I would want that choice—only the choice.

Mr. Field: I do not want to dispute the genuineness or the legitimacy of the views expressed in the debate, or to suggest that we should not engage with them. I do not want to narrow the debate—not that you, Mr. Marshall, would allow that—or to deny the legitimacy of what is being argued, but I question whether people's views are constant over time.

By way of an example, a great friend of mine, Barbara Wootton, proudly announced to me one day that she had joined EXIT. At the time, one of its members was in court; the case concerned events in which a daughter returned home and heard her mother in enormous distress in the bedroom. She rushed upstairs where the EXIT member, wearing a woolly hat, was eating a banana, having thrust a plastic bag over her mother's head.

No one is suggesting that most people will ever be in that position, but I allude to it because Barbara said that she had joined EXIT. She was a Member of the other House, with very talented and knowledgeable doctors, and she had persuaded one to give her knock-out pills should she ever, as my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) describes, feel that her life was unsatisfactory and want to draw it to a conclusion.

The next part of the story is that during a summer recess I received a message that Barbara was in a geriatric ward, and I went to see her, thinking that during that meeting she would ask me to go and get those drugs. On the way to the hospital I had made up my mind that although I disagreed with the approach, my great friend had every right to end her life in the way that she wished, even though I would be guilty of such an offence that if the matter became public knowledge I would lose my seat. I believe that she had that right—but what struck me was that she never once asked for those knock-out pills, and that she struggled right to the end, in a way that my mother did not, to stay alive.

I am just sounding a note of warning about whether our views remain constant. When the Mental Capacity Bill was going through the House I voted for living wills, but because some members of the public thought that I must have voted against them they wrote me abusive letters, saying "Why do you deny me the right to determine when my life should end?" I wrote to each of them saying "I am pleased to hear you have a living will. Do you know what the words 'withdrawal of care' in your living will mean?"

I explained that it means the withdrawal not just of medical support, which most of us would understand, but food and liquid, which can lead to a horrible death. I sent for the leaflets that four of the societies most concerned with promoting living wills produce. Only one of them, in a footnote small enough to make glasses better than mine necessary to read it, explained that withdrawing care would mean the withdrawal of food and liquid.

I welcome my hon. Friend's intervention, because we need to debate more widely the rights of people in the circumstances that she described, and also the products on offer from groups promoting such an exit from life through the agency of living wills.

Joan Ruddock: I think that my right hon. Friend is making a case for choice, and for choice that is reliable and safe—if safe is not an odd word to use in such circumstances. That is why some of us support the

concept, which certainly needs further debate, of physician-assisted dying. No one wants to put anyone through the terrible circumstances that he has described, but there are alternatives. That is the debate and the choice that we want. When the House of Lords Select Committee on the Assisted Dying for the Terminally Ill Bill took evidence, it found that people who had that choice—as my right hon. Friend's friend did—often chose not to use it.

Dr. Evan Harris (Oxford, West and Abingdon) (LD) *rose—*

Mr. Field: I want to take the next intervention, but I will come back to the point made by my hon. Friend the Member for Lewisham, Deptford.

Dr. Harris: I am grateful to the right hon. Gentleman for allowing me to intervene, and for the tone of his remarks. I want to question his evidence about cases in which care—nutrition and hydration—is withdrawn either because the patient rejects it, as every patient is entitled to and as many do, or because, in the case of incapacity, it is felt not to be in the best interests of the patient for it to be maintained. On what basis does he believe that such deaths are horrible? Is he not aware that steps are taken by those looking after people medically to ensure that death is easy, whatever happens?

Mr. Field: My hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) is making, I hope, the point that I am trying to make—but if medics are bound by a living will, and we have so crudely defined what treatment is, they may not have the choice of looking after someone and giving them a good death in the way that we would all welcome. I am not in any way trying to argue for less choice, or to close the debate down. I am grateful that my hon. Friend the Member for Lewisham, Deptford is here to make those points, because it pushes the debate and makes us think more clearly about this crucial area. She makes an eloquent plea for choice, and for people having the right to make the decision themselves—but I want to counterbalance the importance of that view with how older people feel about the burden that they might be. In some of the papers produced by James Woodward's foundation, it is reported that older people talked about the process of dying in terms of wanting to die without being too much of a burden on other people—as if it could ever be too much of a burden to look after someone who is dying.

My worry is that although talking about choice makes a powerful debate, if we are not careful we could build up a culture that leads old people to feel that they are such a burden that they ought to take the opt-out clause earlier rather than later. I know that my hon. Friend in no way supports that view. It is just that sometimes when we operate the law or make new laws in this place, there are unforeseen consequences, and I am anxious that that should not be one of them.

I am making a plea in opposition to the euthanasia lobby. The body has a right to die in its own time and in its own way. That thought goes against the modern view that we can move swiftly from life to death and wipe out the intervening stage—the process of dying. Dying well is about putting aside control, which, as I have tried to explain, is bound up with the essence of what we think of as a proper life. Dying well is about sometimes helping people to face the terror of dying and, by being with them when they die, learning some of the important lessons about the significance of life that become only too apparent at that stage. People might find themselves in a situation similar to the one in which I was recently with my mother, in which she was doing all the teaching and we were doing all the learning. On reflection, I feel that I came to my mother's deathbed inadequately prepared to meet her in the process of her dying.

In conclusion, the main point that I have been trying to make is about bringing dying back into life. However, the dying process is also about gathering the fragments of our lives together, and trying to make sense of our lives. If our society continues to make dying a private affair, in which so many people die on their own—or, if they are lucky, with a nurse by their side—we are taking away what I described as the last act of the great play of their lives. Sometimes, dying is an opportunity for people to make amends for events that they have regretted in their lives, but it can also be a time of celebration, when people can thank others for the friendship and love that they have had during their lives. Dying is also, as those fragments are brought together, essentially about letting go of the future, and letting our bodies take control of us. Those are the comments that I wanted to make in opening this debate, and I am grateful to Mr. Speaker for choosing this as our topic.

9.57 am

Mrs. Caroline Spelman (Meriden) (Con): I begin by paying tribute to my right hon. Friend the Member for Birkenhead (Mr. Field), whose commitment in the House to the needs of the elderly has been unparalleled, in my experience. It was my right hon. Friend's idea to hold this debate, and when he first approached me about securing it I felt honoured to be asked. As far as I know, it is unprecedented for a Conservative Front Bencher and a Labour Back Bencher to secure a debate jointly. The nature of the subject warrants a cross-party approach, and I hope that that will help to improve the quality of today's debate.

My right hon. Friend approached me specifically because, as he said, the Foundation of Lady Katherine Leveson for the study of ageing, spirituality and social policy is at a place called Temple Balsall in my constituency. If hon. Members ever have the time, when travelling north from London and passing through the very middle of England, they should visit that remarkable foundation. It was built by the Knights Templar in the 12th century, and makes a significant contribution to the care of the elderly. Interestingly, it is also integrated with a primary school, so at times the elderly are brought together with the very young to share their experiences. That in itself is remarkable.

As my right hon. Friend said, the centre is run by the Rev. James Woodward. It was his experience as a chaplain at the Queen Elizabeth medical centre in Birmingham that first galvanised him into writing, and then into directing a centre for the study of ageing and death and how we cope with it. I do not know whether he coined the phrase a "death-denying society", but that is a fact of modern life.

[Mrs. Caroline Spelman]

As a mother, I am very aware that because infant mortality has declined, there is less awareness of death among children. It therefore comes as a rude shock to young mothers when things do go wrong in pregnancy and childbirth, as they sometimes do. Such things are not talked about in our society. These days, people do not tend to wear black after losing a member of their family. In times gone by, such habits were a way of helping society come to terms with the reality of death. These days we hide it away, which makes it much harder for those who are dying and for their loved ones.

I add my recommendation to that of my right hon. Friend for the book "Befriending Death", which I have read cover to cover. It is a useful book if one has friends or family in that position, and it is not a heavy read at all. Some hon. Members might have felt nervous about attending this debate, which could be seen as being on the heavy side, but in a way death is a celebration of life. That is the important point about trying to bring the positives out of it, which is a strong feature of the book.

Mr. Field: One review of that book, written by one of my hon. Friend's constituents who lives at the foundation, said what a wonderful book it was, but then asked, "Who could I possibly give it to?" Her reason for saying that was that in our society people might take it amiss if one wanted to discuss with them the business of dying.

Mrs. Spelman: I assure you that we are not advertising the book, Mr. Marshall—but in general we do not talk about dying because it is not something that people like to discuss, which makes it very difficult when death comes to a person, or to a member of their family, and there is a need to deal with it.

The debate was applied for last week, but today is a most timely moment to hold it, because it has now also become a tribute to the work of Dame Cicely Saunders, the founder of the modern hospice movement, who passed away last week. Her story is very interesting: she trained as a nurse, became an almoner and then a medical secretary, then went on to become a doctor, before opening a hospice. That remarkable application to learning all the requisite skills for the care of others is to be commended.

Dame Cicely set out to cater for cancer patients in particular, after the Marie Curie Foundation identified a gap in NHS provision for their needs, as long ago as 1952. She advocated an approach to pain relief demonstrating that intermittent reactive sedation was far less effective than achieving a steady state in which the dying patient could still maintain consciousness and enjoy some quality of life. That was revolutionary at the time, but is now well accepted.

It is interesting that for herself, Dame Cicely Saunders preferred the idea of a death that had some forewarning, giving her time to reflect on life and put practical and spiritual affairs in order. For someone who saw many people depart this life it was an interesting conclusion to draw, and it is in that respect that her life has been taken up and pursued by the Leveson centre in my constituency, which is constantly considering how palliative care can be improved and the quality of life in our last days made better.

I expect that all those present have some direct personal experience of losing a loved one. We are lucky if in the natural order of things our first experience is to lose someone who has led a full life—perhaps a grandparent who has reached the proverbial fourscore years and 10. But for others the experience may come much earlier and unexpectedly in the tragic loss of young life, which leaves us smarting at the perceived injustice. Sadly, because of what happened on 7 July many families are experiencing great pain now, and will do so in the weeks and months to come. When I went to sign the book of condolence in Embankment gardens and saw the flowers I was struck by how many young women had lost their lives.

When someone close passes away, one starts on a journey of grief, which feels strange the first time round, with shock and numbness followed by anger and great sadness, finally giving way to acceptance in most cases. However, for some people that journey never progresses to the healthy outcome of acceptance. We need to do more about helping grieving relatives to understand that process. Odd though it may sound, a successful grieving process is a rite of passage, and when it comes around again, as it usually does, we can recognise the stages in ourselves—but the lack of preparedness the first time is hard for everyone.

Both my parents passed away some time ago in hospital, and that made me acutely aware of the difference that health personnel can make. It was a shock to discover on my mother's notes the dreaded words, "Not for resuscitation", without any discussion having taken place with a member of the family. It might have been the right course of action, but it was the wrong way to help those who are affected. If one has never seen someone dying, it is a shock. It was only hearing about my sister's nursing experience by telephone afterwards that made any sense of it all to me.

With my father things were different. I was there at the end, supported by a nurse who explained what was happening and who kindly confirmed when the moment had come, because it can be hard to know. In both cases, however, the hospital setting provided only the barest scrap of dignity, and the drawn curtains were no shield against the routine noises of life on the ward. That led me to feel that we could surely do better. Death is such a monumental experience for most relatives that the environment in which it happens has a considerable effect.

Some 64 per cent. of hospital patients express a wish to go home to die, but only 25 per cent. achieve that. Once people are in the system, the health service seems reluctant to let them go. Many people fear going into hospital precisely because they worry that they might never get home again. A particular ward in my local hospital suffers from the connotation that it is a place from which people may not emerge again. We need a better solution to such problems.

The hospice movement is still stretched, and is dependent on the good will of voluntary donors. Of the £450 million spent annually on hospice and specialist care services in England, the NHS contributes only 35 per cent., while the value of the work undertaken by volunteers in hospices is estimated at £100 million. We must bear in mind the fact that the dedicated work of the hospice movement covers a multitude of jobs. While 30,000 people die in hospices each year, there are

41,000 new admissions and 110,000 new patients, who are seen by palliative care home care nurses. The care that they provide gives the patient options at a limiting time of life.

In their manifesto, the Government promised to double funding for palliative care in England, yet we do not have published figures for what they spend on it now, so it is difficult to know how much extra funding will be available. I am sure that the Minister will be able to pick that point up when she responds.

We do know, however, that current NHS expenditure includes contributions to adult hospices, adult community palliative care services, children's palliative care services and general palliative care services. None the less, the Health Committee report noted that there are still gross deficiencies in palliative care provision in the UK. The National Audit Office reports that half of all hospital patients experience moderate to severe pain, with only a quarter of them feeling that hospital staff did all they could to relieve it.

Care can vary even from ward to ward within a hospital. There are inequalities in provision around the country. The need and demand for provision is not uniform, so a one-size-fits-all approach to palliative care will not work. For example, northern cancer networks need 60 per cent. more service provision than Thames Valley. Out-of-hours provision, too, is distinctly patchy.

Question marks over the security of funding mean that there are difficulties with the availability of palliative care. Funding for palliative care in cancer networks is ring-fenced until 2006–07, but the ring-fencing will then be removed, and there is a danger that the funds will be used to meet primary care trusts' financial deficits. Careful thought needs to be given to that possibility.

There is an excellent hospice called Warren Pearl in my constituency, run by the Marie Curie Foundation, but it is located in Solihull. For constituents who live on the Chelmsley Wood estate, which is well to the north of Solihull, getting to the hospice involves a difficult journey by public transport. Culturally, Solihull is not the town towards which they are orientated. There is, therefore, still a difficulty with localised provision of palliative care.

That highlights some of the severe inequalities experienced across England, particularly found from one PCT to another. When I last visited St. Mary's hospice in Birmingham—it is, of course, much larger because it serves a much larger city—I was disturbed to find that we do not have a pain consultant in the whole west midlands region, although it has the same population as Denmark. That is simply because Birmingham is not a designated centre of excellence for pain consultants.

That may partly explain the long delays that my constituents experience in waiting for a referral to a pain consultant. A recent answer to a parliamentary question states that almost 1,000 patients have not yet been seen after 13 to 17 weeks of waiting for a referral to a pain consultant. More than four months is a long time for a cancer patient to wait for such essential help. Furthermore, the Association for Palliative Medicine is concerned that only a quarter of the number of consultants needed to fill the places are enrolled in the four-year training.

From that, I conclude that as a nation we do not do death very well. That could be one reason why there is such a rise in interest in euthanasia and living wills. I urge the Government to consider the issues that my right hon. Friend and I have raised about the need to engage with the quality of death, which is a problem in our country. Chronic conditions and pain relief tend not to be the subject of Government performance targets, with the result that they slip down the agenda.

It is not easy to live in this death-denying society. People find death difficult to talk about, and are not sure what to say to the bereaved. The Government could do more to help both those whose lives are ending and those who must live on with the memory.

10.11 am

Peter Bottomley (Worthing, West) (Con): I congratulate my right hon. Friend the Member for Birkenhead (Mr. Field) both on the idea of having this debate and on introducing it together with my hon. Friend the Member for Meriden (Mrs. Spelman). I hope that he is right to say that the debate will go wider than just the issues of euthanasia and death on request.

As it happens, last night I was at a dinner where the person introducing the speaker collapsed and fell flat on the ground. He did not die; the electricity for his pacemaker had stopped working, and afterwards he got back on his chair and carried on with the rest of the evening. However, it was an amazing example of what could be seen as a sudden small death—although he has now come back to life—and it is the second time that I have seen that happen. It is an aspect of death or near death that makes us realise how our bodies work, and sometimes do not work.

Normally when discussing such issues, people are talking about the elderly and those who have some understanding that their life is coming to an end, but it is not always like that. One of the most useful things that I have heard was from a mother—I forget whether her child was three or 13 years old—who said when the child died, "I have to look on it as a life completed." Death is as natural as life, and when bodily death comes it is a life completed. It sometimes happens in circumstances that are mucky, unpleasant and awful—but then birth can be like that as well. We need to recognise that death is as natural as birth, and to be able to talk about that.

My wife—my noble Friend—opened the first exhibition for the funeral service. She is a patron of, or has some honorary title in, Cruse Bereavement Care, and she came away from the exhibition in Birmingham saying that we should all pay more attention to our deaths and funerals than to marriage. Not all of us will marry, but we will all die. All of us can die only once, while some of us marry more than once—I have not done so yet, but who knows what is in the future?

My wife has started talking about how people can prepare. For example, instead of waiting until someone dies, why do they not prepare a piece of plywood covered in pictures of life that can be easily screwed on to the side of a coffin? That would be a way of being open about death. My father-in-law always used to have his coffin stools ready, although in fact he died in Greece—by mistake, as it were—so they could not be used. What I am trying to say is that people can put in as much effort and time and, in a way, have as much fun in preparing

[Peter Bottomley]

for the events that go with death as they do in preparing for a wedding party. My wife also says that 100 years ago, people were very good at death but not very good at sex, and asks why, as it is now all hanging out, we do not tuck it back in again, zip it up and bring death back into the conversation in a more open way.

My mother thought that it would be sad to miss the party after her funeral, whenever that came. She had no understanding that she might be close to death, but she saved up her old-age pension for a time to give the most marvellous party, and invited all the people whom she hoped would be there for the funeral. In fact, her experience was that after the benefit of a misdiagnosis, she died within three days of finding out that she was terminally ill. She had time to bring her children together, and while she was unconscious a senior member of my family—I hope that he will not mind my saying so—said, "Virginia, you had better get out your diary, because you are going to have to arrange the funeral." I hope that that sounds hearted rather than hard-hearted.

In 1978 I went to San Salvador as part of a human rights delegation. As I remember it now, our aim was to try to delay the assassination of Archbishop Oscar Romero. I asked him how he felt about the likelihood that he was going to be assassinated. He said, "Well, it has happened to some of my priests. Death comes, and I am going to get on with doing what I want to do before it comes." Tragically, and predictably, he was killed 18 months later, while celebrating mass in a hospital chapel. I went as part of the British representation to his funeral, representing the British Council of Churches, and at his funeral 14 more people died. They were crushed rather than shot, but when one sees 14 people laid out dead on a cathedral floor, who were alive an hour before, one begins to become rather more accepting of death. One does not accept the reason or the cause, but one accepts that death is a natural thing.

The problem nowadays is that many people do not see a dead body until they are about 60, when one of their parents dies. I am not suggesting that people should just go and find the nearest dead person, but there is something to be said for children finding it perfectly natural to see a dead body in a casket. They will become less frightened of what it is like to see someone who is dead. When I am dead, people who see me will see someone who is natural but lifeless. That is one of the points that my right hon. Friend the Member for Birkenhead was trying to get across in saying that we should open the subject up.

I do not want to spend much time on what I call the "death on request" debate, because that will continue. However, when people start arguing for that choice, I always remind them of the story that my right hon. Friend told us about Barbara Wootton. When I first heard it in the Chamber of the House of Commons, I thought to myself, "That's something I shan't forget." Although people can draw various lessons from it, that story is one that we should bear in mind: decisions are not decisions until they are carried out. Advanced suggestions should not necessarily be taken as the last word in people's minds.

I understand that in the Netherlands they started by saying, "Let's allow an accelerated, deliberate death in rare cases," but I think that in the Netherlands now, more people are put to death—or rather, as I do not want to be pejorative about it, I should say meet their deaths—at their request, than commit suicide.

It is not the rare hard cases that are in question; the practice is becoming close to what people call tidying up, or, I suspect, creating a pressure to say, "I'm in the way; put me down"—or rather, as I do not want to speak of people as if they were animals rather than human beings, "End my life." That is why I shall not vote for death-on-request provisions. I am not an expert on when the ability to end one's own life shifts enough to become the ability to put someone else's life to an end, but if I am asked whether I believe that death on request should be made lawful, I answer no.

I would like to add one more point about palliative care, which I made to the Healthcare Commission at its meeting yesterday. The Government need to work out the level of funding that they expect to provide to the hospice movement, assuming that there is not some gross overprovision somewhere. No one wants great cathedrals of hospice care that are not properly used, but as for hospice care at home, day care and residential hospice care, it is time for the Government to move forward to the time when they can come to an agreement with the hospice movement about the level of funding that it can expect. Again, it is my wife—and noble Friend—who has taken an interest in such matters. The movement should be told, "We value the voluntary contributions of time and dedication and we value the support and money that are given, but a basic level of state funding for hospices will be given in the three categories of hospice care at home, day care and residential hospice care."

There is a duty to make hospice care possible at the end of life, and to provide that kind of comfort—and, for that matter, to relieve the acute services. People might otherwise be in hospital, where they should not be if they are not going to be cured. When it is not possible to cure, it is possible to care, and people can be helped to cope.

10.21 am

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I welcome the debate and the speeches of the right hon. Member for Birkenhead (Mr. Field) and the hon. Member for Meriden (Mrs. Spelman). We are all grateful for the opportunity to debate the issue. Some of the points that have been made are reasonably philosophical and sociological, and it is not easy to give an immediate response. We need to read the record first, and think further about them. However, I shall respond now to some of the points that have been made.

I am a former hospital doctor, and for the past few years I have been a member of the British Medical Association's medical ethics committee. I do not speak on its behalf in this debate, but obviously my views are informed by discussions there. The BMA, of course, recently changed its stance on assisted dying, which has already been touched on in the debate, to argue that the

question is one of ensuring that there are safeguards rather than of actively opposing or supporting a change in the law.

Peter Bottomley: Would it be fair to say that it is not certain that the BMA decision was taken at quite such a representative forum as people might have expected, and that debate may continue at the BMA about it?

Dr. Harris: As I understand it—and I am a long-standing member of the BMA and have held office there in the past—the annual representative meeting, which was where the policy change took place, is the sovereign policy-making body. It includes many representatives elected from the divisions and the crafts—the various types of doctor in the BMA. The meeting was quorate too, so the procedures were voted on by the quorate, sovereign policy-making body of that trade union. Some political parties make policy in a way far less democratic than allowing the sovereign policy-making body, in a quorate meeting, to debate and discuss such things openly with the support of the majority of those present. Perhaps the hon. Gentleman, or others who make the point that he was making, could be more specific about their concerns.

However, the hon. Gentleman is right to say that the debate will continue within the medical profession. Nevertheless, the majority view was clear. That does not mean that there will not be views held on both sides of the debate, and that is why the BMA was probably right to choose neutrality. It will never be able to please all parties. I think that it was right to choose a motion from the Oxford division of the BMA in my constituency—a motion that I confess I had something to do with—as the basis for the position that it took.

The right hon. Member for Birkenhead said that he felt that dying had been in some way privatised and taken away from society. I do not think that he meant privatised in the commercial sense; I thought that he was going to say that dying had been too medicalised, with the advances in palliative care—and, indeed, the heroic efforts that are made to keep people alive. Many people die now surrounded by doctors and nurses struggling to keep them alive, although a significant number die with good palliative care.

I note that the right hon. Gentleman applied for a debate with the title "Dying", but that was not allowed. I understand that the rules are that debates must be about things that are the Government's responsibility, and the Government might argue that they are not responsible for death—at least not directly—so I understand the difficulty of the House authorities in arranging a debate with that title. None the less, we have had the opportunity to raise a number of issues in this debate.

I agree with those who have said that we as a country and a society—including the House—do not deal with this subject well and that we shy away from it. There is a huge "yuck factor". People feel uncomfortable, perhaps because of their own memories or because they are concerned for others who might be worried. That is understandable, but as a society, and certainly as a legislative body, we have a responsibility to address these issues sensitively and to tackle them. Because the issues are not party political and it is unlikely that they would be subject to whipping, business managers do not want them to be discussed, debated or voted on, but there is an urgent need for both Houses of Parliament to discuss, for example, medically assisted dying. That issue does not affect many people, but for those whom it does affect, it is a profound issue. Those of us in this Chamber might disagree about what we would like to see, but I do not think that it can be argued that we do not have a right to debate the issue—or to vote on it, for the first time in many years.

The private Member's Bill promoted by Lord Joffe, the Assisted Dying for the Terminally Ill Bill, is a step forward. It has just come from a House of Lords Select Committee with a recommendation that it be given an automatic Second Reading and sent to a Committee of the whole House for detailed scrutiny. I hope that if and when that happens, and if the Bill has a Third Reading in the House of Lords and comes to this House, time will be found for us to debate it.

I shall now deal with a couple of points raised in the debate. With respect, I was not entirely sure what the right hon. Member for Birkenhead was trying to say with his story about Barbara Wootton. I think that he was showing that people can change their minds, even if they are supporters of assisted dying, and that they have, and should have, control and the ability to change their minds right until the end. In Lord Joffe's Bill, there is a specific requirement for any desire for assisted dying to be repeated, consistent and checked, not only between the doctor and the patient but by another doctor and others. I think that the right hon. Gentleman also said that he would have been willing to break the law, with the consequences that flowed from that, to assist the suicide of a friend, even in the generality, without the urgency of a terminal diagnosis, great pain or indignity. I think that that suggests that it is probably a common practice. Indeed, surveys have suggested that some doctors do break the law, and that a law to prevent something like that is not a safeguard against that happening, because people are willing to break the law to act compassionately.

I think that such things should be done above board; they should be regulated, controlled and counted. That is what the Dutch have found, and that is why when they introduced their system it proved popular and has been supported. Indeed, studies have suggested that the number of deaths in which people are assisted to die, or voluntary euthanasia takes place, has been reduced because of the regulation.

The hon. Member for Meriden made a point about "do not attempt resuscitation" orders. Those are misunderstood, and again we need to ensure that we have a debate on this subject. It is appropriate that such orders are discussed with the patient, but it is for the patient to decide and not, in my view, for relatives to take a view unless invited to do so by the patient. It is a private matter. That discussion needs to be had with people in a sensitive way as they enter hospital, because anyone in a hospital is liable to die. If someone is liable to die, a crash call will go out and they will probably spend their last few moments undergoing quite serious medical intervention. If they do not wish heroic efforts to be made to resuscitate them, that idea needs to be broached with them carefully and addressed.

[Dr. Harris]

There are strong arguments for us to move towards legalising assisted dying. The issue is all about ensuring that people have the choice, and that it is not forced on people who do not want it. If people are terminally ill and in pain or suffering indignity and have had the option of palliative care, they should be entitled to have their autonomy respected on that important issue. I agree with the right hon. Gentleman that this does not involve many people, but for those people it is one of the most important decisions. I hope that in due course we will have a chance to debate, and vote, on that issue within this important subject.

10.30 am

Sandra Gidley (Romsey) (LD): I congratulate the right hon. Member for Birkenhead (Mr. Field) on securing the debate, but I should say that when I prepared for it last night, I was not quite sure what it was going to be about. Would it be about palliative care? Would the thrust of the argument be about physician-assisted dying? The debate has been about more than that, which makes it difficult to answer—and it feels completely inappropriate to respond to it as the representative of a party, because every Member in this place will have a view on the subject. Some of my remarks will inevitably be personal, but I shall try to divorce them from what might or might not be the view of my party on any of these matters.

I have been presented with five challenges, and the thrust of the debate seems to be that control is a bad thing. Perhaps that was not intended, but that was certainly how the argument came across to me. I must pose the question: what is wrong with control? The logical extension of the argument against control is that we should not have control over the progress of an illness. Why should death be different? That is a wider debate, which society should have, but I must ask the question.

I shall say a few words about palliative care before I get into the more philosophical aspects of the debate, because that subject has not been covered much today. It is most people's stated wish to die at home, in familiar surroundings with their family, but that presents a huge challenge to health and social care services—a point that was highlighted in the Health Committee report. I shall return to that subject in a moment.

Hospices are often a preferred place to go, if people are lucky enough to have one in the area—access is often difficult—because they deal with death very well. The debate is often about palliative care and drugs so that someone does not suffer, but to repeat a point that was made earlier, we often do not deal very well with the emotional aspects of dying that affect the person and their family. That, however, is the hospices' strength.

It is worth noting that hospices contribute about £300 million to health care in England each year, and, as has already been mentioned, volunteers do work worth about £100 million. There is, however, a huge gap in provision. Some 95 per cent. of people in hospices have cancer, but 300,000 people die annually of other diseases, and their end of life is probably not handled in such a considered manner. Not so much work is done to manage their deaths, and attention needs to be paid to that problem. The National Institute for Clinical Excellence, as it was then, examined palliative care, but made the mistake of concentrating almost exclusively on cancer. That was a missed opportunity. We must widen our focus.

In their recent manifesto, the Government pledged to double their spending on palliative care, so it would be useful to know how much money is currently spent, how it is allocated, how much extra money will be available in the next few years, and how that will be phased in. It would also be useful to know whether the Government will ensure that hospices can recover some of their costs from primary care trusts if someone ends their days outside their area.

We have not yet talked about the carers, to whom I pay tribute. We should acknowledge that the debate is not only about respite care. What hospices do so well is to deal with the emotional needs of the carers. That is neglected in other sectors, not through malice but because of other pressures and priorities.

The hon. Member for Meriden (Mrs. Spelman) described death as an unknown. I agree. It is almost the last taboo—something we never talk about. She said that people did not wear black, and that various other changes had been made. Sadly, as I grow older I seem to attend more and more funerals, but I have noticed recently that they have increasingly become a celebration of life rather than an expression of misery and gloom. I have recently been to some positive and heart-warming funerals, which were more like rites of passage. It is a positive move if that attitude returns in the last days of life.

We have limited experience of death. That is why we are strongly affected by the experiences that we have. However, the people whom we come across in their dying days can have different attitudes. I recall the contrast between two old gentlemen, one of whom was depressed and asking, "When am I going to die?". The other one was positively looking forward to death. He had a faith, and was asking, "When am I going to see Jesus?" He could not wait to get out of here. The difference that that attitude made to the people around was remarkable. There is a lot to be said for taking steps to prepare people with the idea that death might not be entirely negative.

It is a sad fact that although nearly three quarters of people would prefer to go home to die than to die in hospital, only 25 per cent. achieve that. However, the situation also depends on the hospital. For instance, a small community hospital can deal with the problem well. Sadly, there are often moves to close such beds, in an attempt to encourage care at home, but unless that care is good, we could lose something fundamental. If the death takes place in a busy district general hospital, however, although attempts are made to provide a personal input, that is often difficult.

I suppose that what affected me most personally was the death of my father. All my assumptions about the end of life were completely turned around. My father was the person whom I mentioned earlier who wanted to die. In the end, death came quickly—more quickly than expected—and the family could not get there. I often think that it would have been nice if we could have been involved, because my father desperately wanted to end his days that way. However, I also question whether I

would have wanted that. Again, this comes down to what the individual wants, in conjunction with what the family wants, but the individual wish must come first.

I want briefly to mention assisted dying. Since 1977, Oregon has had the Death With Dignity Act, which allows a doctor to write a prescription for medication for a competent, terminally ill adult to self-administer, with the purpose of ending their life. There are strict safeguards. What I found fascinating—this relates to the story about Barbara Wootton—were the figures. Some 17 per cent. of terminally ill patients discussed hastening their death using the Act with their families, and 2 per cent. made a formal request to their doctors for assistance, but only 0.14 per cent. took the full step of using the prescription.

We must consider such options. It is our responsibility to have a wider and fuller debate in the House, and reflect on whether they could be considered. There appears to be no evidence that the law in Oregon has been misused. We talk about choice in other areas of life; perhaps we also need to talk about choice in death.

10.40 am

Mr. Simon Burns (West Chelmsford) (Con): I begin by offering my condolences to the right hon. Member for Birkenhead (Mr. Field). I also thank him for securing the debate and giving us the opportunity to discuss a deeply personal and emotional issue that also has a practical side—the care that should and must be provided for those in the last days, months and years of their lives.

I must confess that I found the right hon. Gentleman's speech deeply moving and extremely thought-provoking. I am not qualified emotionally or from practical experience to enter that debate or to discuss some of the deep issues that he raised. I do not have the experience, through good fortune and probably because like many other people I have failed, or refused, to confront the issue. That is why I will read very carefully what the right hon. Gentleman said when *Hansard* is published tomorrow. It made me think and wonder a great deal about an issue that we must all confront and consider, rather than brush under the carpet.

In many ways, caring for the dying is similar to caring for the elderly: we should ensure that the most appropriate and individual care is provided and that help is provided for family members and/or carers. Many people's immediate reaction is to reflect on the tremendous work of the hospice movement and to see the hospice as the bedrock of support for members of their families who may be suffering from terminal illness. Most of us, I suspect, are fortunate enough to have hospices in or near our constituencies that provide that help for adults.

It goes without saying that hospices do a fantastic job, supported by the whole community through fundraising and other assistance. This Government, and previous Governments, have introduced a level of funding that covers a significant proportion of the day-to-day running costs. However, two issues connected with adult hospices need to be addressed.

Supporting the hospice movement is tremendously hard work, which is done with great devotion by many members of the public who raise funds week in, week out. Now the costs of hospice care are escalating dramatically, and that is becoming even harder work. The Government have reflected that fact and increased funding—but I would like to see funding increase from 34 to 35 per cent. of day-to-day costs to a flat rate of 40 per cent. I certainly would not want any Government to pay more than 50 per cent. of hospice costs, and neither would the hospice movement; it feels that that would threaten its independence. However, we still need to provide extra money.

On the subject of assisting the hospice movement and making its life easier, I appeal to the Minister about the practical problem caused by the fact that many hospices are covered by a number of primary care trusts rather than one. With the devolution of funding to local level, PCTs play more of a role in assessing their contribution to the hospice movement. If as with my hospice, nine PCTs are involved, it is time-consuming and frustrating to have to deal individually with each of them. If anything could be done on a practical level to make them into a united single unit for dealing with hospices and resolving matters of funding, that would be a tremendous boost.

It is not only adult hospices that provide that valuable service; sadly, young children die too. There has been a dramatic growth in children's hospices, yet their funding from the state is on average just under 5 per cent. of their costs, which puts even greater pressure on individuals to raise funds.

As hon. Members have said, and as was highlighted in the report of the Health Committee, of which I was a member, there is no uniform consistency in the quality of palliative care. More has to be done to bring that up to a universal high standard. The National Institute for Health and Clinical Excellence should look into and further encourage the development of standards in that area of both health and social care. I fully support the roll-out of the gold standard framework for palliative care, but I should like it to move on at a quicker pace if that is feasible and sensible. I also strongly support greater interaction between the NHS, social services and the voluntary and charitable sector to provide a seamless service.

I should like to draw to hon. Members' attention a pilot scheme known as the Lincolnshire project, which is being run for a three-year period by Marie Curie Cancer Care as part of its delivering choice programme. All the statistics show that the vast majority of people, given the choice, would prefer to die at home, but as we have heard, only about 25 per cent. achieve that. More has to be done to provide schemes with full back-up services to help support family and carers in giving people the dignity to die in the familiar secure surroundings of their own homes if that is their wish.

Although it is only part of the way through its three years, the Marie Curie pilot scheme has concentrated on the best possible palliative care, equality of access for all, appropriate support, and a choice of care and assistance. The results so far show that it is an encouraging, positive and successful project, which has been able to ensure that, judging by the national figures elsewhere, the needs and the wishes of individuals have been met far more than happens outside the project.

We have a lot to learn from that project. We must learn those lessons and confront our own individual demons on this deeply sensitive and personal subject.

[Mr. Simon Burns]

We must also break down the barriers of the dread and the fear of confronting the issue, thereby becoming more open and more able to work together to ensure that palliative care, and the care of all those who are involved in the vital back-up and support for those who are dying, reaches the highest standards that we would expect for our constituents' families and everyone else in our society.

10.49 am

The Minister of State, Department of Health (Ms Rosie Winterton): I, too, thank my right hon. Friend the Member for Birkenhead (Mr. Field) for giving us the opportunity to debate this profoundly important issue. I also offer him my condolences on the death of his mother. This has been an interesting and thoughtful debate. As the hon. Member for West Chelmsford (Mr. Burns) said, it has been a mixture of the personal and the practical.

My right hon. Friend began the debate by saying that most people negotiate dying alone, and that that has been the traditional approach. He and the hon. Member for Meriden (Mrs. Spelman) referred to the work of James Woodward and to the idea that ours is a death-denying culture. I do not know whether this is the experience of other right hon. and hon. Members, but that made me think that as Members of Parliament, we write letters of condolence quite often—perhaps more than most people—and when I write to someone about the death of their mother, father or husband, my pen always pauses after the words, "I'm so sorry to hear . . . ". The problem is whether to say that someone has "died" or has "passed away", or that the person to whom we are writing has "lost" a relative. Part of what my right hon. Friend was saying is that we have an inability to find different words. I do not know whether that is to do with British embarrassment, but there is something that makes it difficult for us to express ourselves when confronting death, because we are conscious of the other person's reaction.

We have talked about the roles of the state, the individual and the community, including friends and family. The debate also touches on the many developments that have taken place in the medical profession. Those developments mean that we can, I hope, provide better care nowadays for people who are dying, but they also raise the issues touched on by the hon. Member for Oxford, West and Abingdon (Dr. Harris) and my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock). Those issues were raised during consideration of the Mental Capacity Bill, and will obviously be raised during consideration of Lord Joffe's Bill. They often touch on deep debates, and lead to deep debates in Parliament. Obviously, the Government are, as ever, listening to those debates.

I am glad that this debate has given us the opportunity to pay tribute to Dame Cicely Saunders, whose work has made us a world leader in palliative care. All hon. Members—particularly the hon. Members for Worthing, West (Peter Bottomley) and for Romsey (Sandra Gidley)—talked about how we can extend palliative care. This is not an appropriate debate in which to exchange figures for Government spending on palliative care, but there has been increased investment, including in the care provided by hospices. I am sure that many right hon. and hon. Members will say that it is not yet enough—but our manifesto commitment to increase spending on palliative care gives us an opportunity to consider some of the issues that have been raised. I have had responsibility for this matter since the general election; until now, the provision of palliative care has concentrated on cancer services, and I feel strongly about that.

We now have an opportunity to look further at the issue. The hon. Member for Meriden mentioned the work of the Marie Curie Foundation and the hon. Member for West Chelmsford (Mr. Burns) talked about the work going on in Lincolnshire. We have also been looking at the work of the British Heart Foundation.

We need to bring things together and consider what it has been possible to achieve—in the Lincolnshire project, for example, in which the Marie Curie nurses have been co-ordinators of the available care. It has been possible to keep people out of hospital, and, as right hon. and hon. Members said, people increasingly prefer not to die in hospital; they want to die at home with their loved ones. Another example is the Liverpool care pathway, in which it has been possible to identify the support needed in what are likely to be the last two days of someone's life. If we can build on the initiatives that are in place and give support to their carers, people will be able to go home, and die in the place of their choice.

As for out-of-hospital services, there is a big opportunity in primary care consultation. That is when we should consider our commitment to increase palliative care services, and take note of the feedback from such consultation on people's choices and find out how to spread best practice in the available services. I assure my right hon. Friend the Member for Birkenhead that we are considering how to ensure that the gold standard framework is consistent throughout the country. We are also considering how PCT commissioning is done, because sometimes it would be better for one PCT in a group to take the lead.

We are also examining the different aspects of palliative care, which the hon. Member for Meriden mentioned. The approach if someone has heart disease or heart failure is slightly different from that taken if the patient has Alzheimer's disease, for example. We should ask what exactly we expect from palliative care services so that we can extend the range, rather than seeming to concentrate only on cancer.

I congratulate my right hon. Friend on raising this extremely important issue. The debate has been fascinating and some vital matters have been raised for the future. I hope I have been able to reassure hon. Members that we are giving the matter our attention, especially at the moment. We will be making proposals shortly.

Abortion Time Limits

10.59 am

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Before I start, I declare an interest: I have been a member of the British Medical Association medical ethics committee for the last few years. In this debate I speak not for the committee but for myself, although my views are informed by the discussions and debates that have taken place within it and among the wider medical community. I am a former hospital doctor. As a medical student, I trained in obstetrics and gynaecology and as a doctor I was aware of the practice of termination of pregnancy in the hospitals in which I worked.

I am conscious that it can be argued that one can fully understand pregnancy and abortion issues only if one is first a woman and secondly one who has been through pregnancy. That is a fair point. Clearly, I do not meet those criteria, and I recognise that there will be those with direct experience of some of the issues that I shall raise. Nevertheless, it is an issue for society, for Parliament and for men and women to debate.

The remarkable thing about this debate is that we are having it at all. The House of Commons Library confirms that it is 16 years since the House of Commons debated abortion in such a way. I hope that, whatever our views, we would all agree that that is far too long to ignore an issue that is so important and controversial that it divides society; people have strong views both ways. It is, therefore, necessary to retain public confidence in the law, and public confidence is best retained not by running away from debate but by revisiting the issues. We must show that, as the people's representatives, we have acquainted ourselves with the ethical arguments and the changes in medical practice and social attitudes that have undoubtedly taken place since the law was enacted in1967 and amended in 1990.

It might well be that, having debated the issue, the House does not change its position but supports the existing approach. That will still be of benefit to the public and the media. They think that for too long politicians have run away from debating the matter further because it is uncomfortable—of course it is—and because it is an issue on which neither the Government nor the Opposition parties, through their party Whips, can control what hon. Members do. We Back Benchers think that that is great, but perhaps Government business managers and party Whips do not. The fact that we have not debated the issue for 16 years shows that Parliament is too heavily dominated by the business managers and Whips and not responsive enough to the views of the public in terms of changing, or at least debating, the law.

Nevertheless, we now have a debate and I have sent an outline of my comments to those on the Front Benches to aid them, particularly the Minister, in preparing their responses. The Minister cannot claim to have had no chance to consider my points, and I am grateful that I had an opportunity to speak to her about the questions that I am going to ask.

One of the key issues is the abortion time limit under the existing law, which is 24 weeks of gestation in almost all circumstances save serious threats to the physical health of the woman or foetal abnormality that could lead to serious handicap. What is the basis of that? Is it because that covers almost all abortions other than the exceptional cases that I have described, so it is a matter of practicality—nobody is denied the opportunity to have an abortion if she meets the criteria for which the law sets out that abortion is legal—or is it based on foetal viability? That is an ethical argument that recognises that the woman's rights have to be respected. However, at the point at which the foetus is capable of living independently of the woman, it gains a moral status that requires us to give consideration to its interests.

That may be a practical choice, but I think that it is the basis of the current limit. As someone who generally supports the existing laws, I am happy to defend my support on the ground of foetal viability, but we need to decide what we mean by viability. Some people argue that viability will move ever downwards, because foetuses will be deemed to be capable of living independently of the woman earlier as a baby will be able to be resuscitated and kept alive earlier by medical advances. It is unlikely that the time will reduce in the near future because of some basic biological issues surrounding the development of lungs. However, if viability is chosen as the reason for the time limit, people will feel that it will become difficult to get an abortion beyond a certain stage of pregnancy.

Mark Pritchard (The Wrekin) (Con): I congratulate the hon. Gentleman on securing the debate. If he accepts that the law lags behind modern science, is there not a strong case—the opposite of what he says—for reducing the abortion time limit from its current status at least to 20 weeks?

Dr. Harris: That is the point that we are discussing. I should say at the outset that I am seeking a parliamentary inquiry so that we do not choose a time limit at random. I am not suggesting that the hon. Gentleman chose 20 at random, but why not 19 or 21? I shall go through some of the premises on which the law is based, and if we accept the limit, we need to be informed in making the decision.

In the general election campaign, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) stated that he thought that the time limit should be reduced. That comment was perfectly reasonable, and it was wrong for him to be criticised for expressing a view in direct answer to a question. The argument that the issue is not political is ridiculous, as we in Parliament are the only people with the power to change the limit. It is not a party-political issue, in the sense that views vary across the parties. and I trust that it is one of the few remaining decisions on which even the Government allow a free vote to their Back Benchers.

Nevertheless, it is right that people, particularly before an election, should find out the views of the person seeking to represent them on an issue that they feel strongly about. I have always made my views clear, and other people should as well. It is right for party leaders to say that they would give Parliament time, in a way that the Government have so far failed to do in two terms, to debate and vote on the issue.

Returning to my previous point, we must bear in mind that if viability is the basis for the limit, earlier viability will impinge on the ability of some women to have

[Dr. Harris]

abortions. I shall come back to that later. Nevertheless, it is reasonable to say that there will not be a rapid reduction in the time limit, as we are reaching a minimum.

There is also a second question. If we use foetal viability as the ethical backstop, what do we mean by viability? Do we mean that the foetus is capable simply of being born alive, or surviving for a reasonable length of time or surviving through childhood with no serious disability? Can we make a general statement about the limit of foetal viability, or will we have to talk about specific cases? For example, there may be some foetuses for whom a higher limit will apply if they are small for their date because of some developmental delay or if they are part of a multiple pregnancy, which usually goes along with a reduction in size. Gender will also have an impact, and we will need to discuss all of those questions.

The law is not clear. Case law, from a case in 1991, has interpreted the term "viable " literally, arguing that Parliament meant the literal meaning of "viable"; that is, capable of being born alive. It is probably wise, when talking about the difference between abortion and potential manslaughter, that the judges take a literal approach to the law where there has been no further explanation.

However, we are now in an era when it is reasonable for Parliament to seek to define our terms more clearly. If we mean "capable of being alive", that would imply that a baby that was anencephalic—missing most of its brain, but whose lungs were capable of functioning for a short time—would be considered viable. We would not argue that that would prevent the termination of a pregnancy where anencephaly had been diagnosed, because that would fall within the rule that allows termination up to term where a serious handicap would be produced.

In contrast, the US courts have used the concept of viability to mean "capable of meaningful life". That presumably implies a reasonable period of survival but that could usefully do with definition, unless we are happy to leave it to the courts. We may decide that we are happy to do that, but those are issues that we need to decide. If one follows the argument that we define viability or decide to leave it to the courts and we feel that viability is the basis for our law, the question then is this; what should the limit of viability mean? The key question is whether medical advances have meant that it has been reduced.

I do not, for example, take the view that the three-dimensional ultrasound images—sometimes they are described as four-dimensional—demonstrated by Professor Stuart Campbell have any bearing on that. Professor Alan Templeton, the president of the Royal College of Obstetricians and Gynaecologists, said that they add little to the abortion debate. He said:

"Observing these developments and physiological movements is not changing anything about the time of viability. These images, however, have given rise again to the question as to whether or not there should be a reduction in the time limit of 24 weeks. It is distressing that so much of the comment has been so ill-informed."

Peter Hepper, the director of foetal behaviour research at Queen's university in Belfast, said:

"The images offer fascinating evidence of foetal development but did not advance arguments against abortion. It is unlikely that there is any emotional feeling behind these responses. They are probably just straightforward reflexes or practice for important behaviour at birth."

Some have commented that some of the images imply more movement than there was by using a loop in the pictures in some of the demonstrations. I do not have the details of that. I would argue that we do not need to deal with the question of viability, although it is clearly an emotive one. We need to consider whether, whatever definition of viability we choose, babies are capable of surviving at an earlier stage.

Sandra Gidley (Romsey) (LD): It is almost impossible to separate this debate from the comments made by Baroness Warnock about decisions that we make when women give birth 24 weeks into the pregnancy. There is now an opportunity to keep such a child alive, although it may lead to problems in later life. Surely one cannot separate the debate about late abortions from the ethical debate about when babies should be kept alive. Should medics try to do that with all babies—that is my inclination—or do we need further guidance for people making those decisions?

Dr. Harris: I am grateful to my hon. Friend for raising that question. They are separate issues, although some of the ethical issues are connected. There are clear rules and guidelines from professional medical bodies about what to do with babies that are born alive at a very young age and with profound disability. We do not have time to explore that now, but it is worthy of debate, because questions have been asked about whether we are striving too much or too little on some of those issues.

The Epicure study from 1995—it is somewhat dated—suggested that a small number of babies, two out of 138, born at 22 weeks' gestation, survived. One of them was severely handicapped and one had no impairment. Those are such small numbers that it is not helpful to use the term "percentages", because simply one more would double the percentage. That study also showed that at 23 weeks' gestation, 22 out of 242 babies—9 per cent.—survived with varying degrees of disability. At 24 weeks, 73 out of 382—19 per cent.—survived, also with varying degrees of disability, ranging from no disability to profound disability.

If we take a strict definition of viability, that is prima facie evidence that, in theory, the foetus is capable of living independently of the woman and that the age of viability needs to be reduced. However, we need to know whether those figures are reliable, and whether the gestational age can be determined sufficiently accurately. That is why we need a parliamentary review of the scientific evidence, so that those of us who will base our decision on the science—that will not, of course, apply to everyone—can make that decision in an informed way.

A further question that needs to be raised is whether if the time limit of 24 weeks were reduced, that would have an adverse impact on some women seeking abortion and, if so, whether that impact could or should be ameliorated. There are various reasons why women

have late abortions. It is important that those reasons are made clear, because it is often suggested that women who seek late abortions go into it lightly, and that it is dealt with in a trivial way. That is not my experience, and I do not believe that it is the experience of those who see and treat those women. The reasons for late abortion can be listed, and I am grateful to the FPA, Marie Stopes and other organisations for providing that information. Those seeking late abortions include teenagers who cannot face the issue or find it difficult to make a decision; young women whose periods are irregular and who therefore do not realise that they are pregnant until late in the pregnancy; women who are in a similar situation perimenopausally, in which they do not have regular cycles and do not or cannot believe that they are pregnant; and the failure of the type of contraception that stops periods completely, which may delay recognition of pregnancy.

There may also be a problem with doctors not referring women for abortions because of their own religious views. In relation to that, I support the view that it should be made clear to patients in advance of a consultation on abortion which doctor they should see. An informed patient requires that information, and it would also make it easier for the doctor. In respect of late abortion, there are also young women whose doctors might insist that they consult their parents when they are unwilling to do so. It is lawful for them to be referred without parents being involved, but young people may not be able to negotiate with a doctor in that situation.

There are also cases of women who suffer a domestic disaster—there is probably no better word for it—during pregnancy, such as abandonment or physical abuse by a partner, which makes it impossible for them to seek to continue with the pregnancy at a time near the limit. We must recognise that those women have needs and we ought therefore to think about what changes could be made if the age limit were reduced.

I believe that there is now a good case for making first trimester abortions easier to access, without the need for the consent of two doctors. We should treat them as we treat other medical procedures; it should be subject to informed consent and an assessment of its appropriateness and the best interests of the patient. There is a strong argument for permitting medical abortion—the use of the so-called abortion pill at home—where it is shown to be safe, and I regret that the authorities and the Government seem to be stalling on permitting that.

Mark Pritchard: I am grateful to the hon. Gentleman for giving way again. In relation to the review of the law that he speaks about, does he agree that there should also be a review of abortion up to birth for disabled babies? The hon. Gentleman will know, as a medical professional, that many people are not born able-bodied, but nevertheless live perfectly fulfilled lives and make vast contributions to British society. Indeed, we have, and have had, fellow Members in the House who have not been able-bodied but who have made great contributions to public life.

Dr. Harris: The hon. Gentleman raises an important point, which I shall come to in a moment. There is a strong argument for extending the legalisation of abortion to all parts of the country, meaning Northern Ireland. It is depressing that the Government have still not come up with the guidelines for medical professionals in Northern Ireland that were requested by judicial review, so that they know what they are permitted to do in that jurisdiction. I believe that there is an argument for performance monitoring of the delivery of NHS abortion services, to ensure that they are more accessible, on a fairer geographical basis.

The hon. Member for The Wrekin (Mark Pritchard) asked about the law that permits abortion up to term in the case of foetal abnormality and I think that there is an argument that Parliament should revisit the matter and seek to define "seriously" and "handicapped" more closely, or make it explicit that it should be up to the courts or the doctors to decide. The Jepson case, in which there was a referral for what appears to have been, on the face of it—we do not know the full details—bilateral cleft lip and palate, and in which an abortion was carried out at 26 weeks, suggests that Parliament should revisit the matter. The hon. Gentleman and I may not agree on whether the procedure should ever be allowed, but it is reasonable that Parliament should consider it again.

Mark Pritchard: The hon. Gentleman raises the Jepson case. I live in Shropshire and am a Shropshire Member, and the county falls within the area of West Mercia police which, as the hon. Gentleman knows, was involved. I wrote to the chief constable asking him to investigate the case, because I have grave concerns. The police should enforce and not interpret the law on abortion, and there have been claims that abortions have taken place outside the law. I am glad that the hon. Gentleman raised that case, which shows a worrying trend.

Dr. Harris: I am reluctant to be drawn into the case. We do not know the full facts, and cleft lip and palate are often signs of a more profoundly disabling syndrome. I understand that Rev. Joanna Jepson has not yet indicated whether she will seek judicial review. We should discuss the generalities. I agree that the issues need to be debated, although they are somewhat outside the issue that I am raising today.

My final point is to discuss how we should take the matters forward. A Government response is awaited to the Science and Technology Committee's report on assisted reproduction and assisted reproductive technologies. I served on the Committee, which argued for a Commons and Lords Joint Select Committee inquiry into those questions, and the impact of technological, medical and social changes since 1967. There are several options for the Government to consider, and I hope that even if the Government will not say how they will proceed, they will at least say which they consider reasonable.

I do not think setting up an independent scientific review, reporting to the Department of Health, is ideal, because it should not be solely in the Government's purview to set terms of reference. The matter is non-party political and subject to a free vote. Another option is setting up an ad hoc Select Committee of both Houses to review the issues and report back to the House, which would be for the Government to do. The third option is a Lords and Commons Science and Technology Committee joint inquiry, to be reported to the House.

[Dr. Harris]

A report made under any of those arrangements should contain options for Parliament to vote on, based on the ethical, social and medical or scientific evidence reported. There would not be a consensus in such a report on the ethical basis of abortion between what are called the pro-life and pro-choice camps. Parliament will have to decide that question. However, there is a good chance of considerable consensus on what the options should be as to viability and time limits, if Parliament is minded, as seems likely, to support the existing basis for the law.

We need the Government to agree that if a Select Committee embarks on the exercise they will provide the time for a debate and vote on the outcome. Otherwise it will be another fruitless exercise.

During the election campaign, the then Solicitor-General, the current Secretary of State for Constitutional Affairs, was quoted in *The Sunday Telegraph*:

"Harriet Harman, the Solicitor General, said: "This has always been a matter of individual conscience. If something is a free vote it cannot be in a general election campaign."

I think that that is questionable. She added:

"We can debate it later."

Can we debate it later? What is not acceptable is for the matter not to be brought back to the House. Sixteen years is too long a time for Parliament not to vote on the issue, let alone debate it substantively. I agreed when the party leaders said during the election campaign that there was an issue to be discussed and settled. It is time for the Government to back a parliamentary inquiry, after which they should allow time for the issue to be debated and settled.

I am grateful to the British Medical Association for its paper on abortion time limits, and for helping me to prepare for the debate with its briefing.

11.25 am

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): The debate was inevitable. It is true that 16 years is a long time for such an important issue to have been ignored. We are all aware that many Members of Parliament are afraid to put their heads above the parapet on this issue, even in their own constituencies. I have never been of that ilk. I have made my beliefs on the issue clear locally. I am the chairman of the all-party pro-life group, so, naturally, I am against abortion, except in rare cases in which the mother's life is in real danger.

I listened carefully to the hon. Member for Oxford, West and Abingdon (Dr. Harris), who has a medical background. Much of the data he provided is backed by the medical profession, but it must not be forgotten that there is also a moral aspect to the debate. I see this debate as a follow-up to the recent debate at the BMA conference. I am not sure whether the hon. Gentleman had a vote at that conference, but from what he said, I assume that he might have abstained.

Dr. Harris: The hon. Gentleman will be aware that the BMA voted against a specific proposal to reduce the limit from 24 weeks to 22 weeks. I believe that we should review the scientific evidence before making that decision, so I would have voted against an immediate decision to reduce the limit. It is not logical to argue for a review so that a decision can be made on the evidence, and then to pre-empt that by picking a date.

Jim Dobbin: The debate and the demands for a review of the Abortion Act 1967 were stimulated—we cannot get away from this—by the sensational ultrasound pictures presented by Professor Stuart Campbell. I saw Martin Kemp's film "Science in culture: Womb with a view?" to which the hon. Gentleman referred, and heard Professor Campbell, who is eminent in the field, rethink his position on the number of weeks in the abortion limit. Since those pictures were printed by the national press, I have spoken to many colleagues in the House of Commons, who seem to be reviewing their personal positions on the limit. I believe that they would support a proper evidence-based review. That is the aim of the debate. Indeed, the Prime Minister and the Leader of the Opposition have said as much, and Lord Steel has indicated that he believes that changes are required.

For me, the issue is not just about the length of the abortion limit, but about the number of abortions and access to abortion at earlier stages. The pro-life charity, Life, recognises that abortion in the UK is legislated for within the framework of time limits, and it supports a reduction in the upper time limit to save unborn lives. The philosophical flaw in the framework is that it implies that bigger is better—that an unborn child of 24 weeks and one day is worthy of the protection of the law, whereas an unborn child of 23 weeks and six days is not. Where is the logic in that approach? That issue must be considered.

Our primary focus should be to reduce the overall number of abortions. In 2003, there were almost 190,000 abortions. That is 600 every working day. Surely, there must some agreement in this place that too many abortions are being performed in the UK.

What is society's response? Marie Stopes International has been mentioned this morning, as has the British Pregnancy Advisory Service, both of which advocate the liberalisation of abortion law. This weekend it was reported that Marie Stopes International would like to name and shame doctors who have a conscientious objection to abortion. Such organisations fail to appreciate that the Abortion Act 1967 does not provide for abortion on demand. A doctor who is faced by a woman seeking abortion is perfectly entitled to determine that, in his or her professional opinion, the conditions set out in the Act have not been met. If Marie Stopes International and BPAS get their way, there is no doubt that the abortion rate will continue to increase.

I would like the Government to consider offering more financial support to organisations such as Life that offer crisis pregnancy counselling. Life has a team of professional counsellors and skilled listeners who provide non-directional pre and post-abortion counselling.

Sandra Gidley: The hon. Gentleman seems to be leaving out a step in the procedure. Although I come from a different philosophical viewpoint, I agree with him that we need fewer abortions—no woman undertakes one lightly, I would suggest. However,

should we not go back one stage, to better contraceptive advice in schools and other such measures, which will prevent so many women from accidentally becoming pregnant in the first place?

Jim Dobbin: That is another issue, for another debate, but my personal view is against contraception.

A growing body of peer-reviewed medical evidence shows that induced abortion is associated with increased mortality, increased suicide rates and a large number of severe, immediately life-threatening medical complications, as well as long-term consequences for subsequent pregnancies, such as an increased risk of premature birth and ectopic pregnancies. Two Finnish studies in recent years have provided particularly disturbing evidence of increased mortality and suicide rates following abortion. More research needs to be conducted on the physical and psychological consequences of abortion. Also, abortion providers have a duty to ensure that the women who are considering abortion are given all the facts about abortion and what it entails. A right to choose must be accompanied by the right to know, but that information and counselling are often not given.

Abortion law reform should not focus exclusively on time limits. Rather, we should consider other legislative options. There should be informed consent legislation, placing a legal obligation on all abortion providers to provide women considering abortion with the relevant information about the physical and psychological consequences. Also, there could be a compulsory cooling-off period between the decision to have an abortion and the abortion. We could consider giving greater financial and practical support to women in crisis pregnancy situations and introducing parental notification laws for minors, which has been in the news recently. However, the most important issue, right at the top of the agenda, is the rights of the unborn child. We talk about foetuses and use other technical terms, but in the end there is a baby—a child—and that must not be forgotten. Anyone who has seen Professor Stuart Campbell's pictures will know that that is the situation. To me, a child is there.

Some people call for a 22-week limit, some for a 20-week limit, others for an 18-week limit and some have even argued for 12 weeks as a possibility. This debate is the first salvo from the pro-abortion lobby. No doubt we will return to this important subject in the next Session.

11.35 am

Philip Davies (Shipley) (Con): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing a debate on this important subject. I find myself agreeing with elements of all the speeches that have been made and I do not see the issue in the black and white terms that some people do—it is much more complicated than that. I probably agree with the hon. Gentleman about focusing on the time limits.

I agree that this is a medical and scientific question, as well as a moral question, and we cannot divorce the two when debating issues such as abortion. My views on the moral issue are perfectly clear, and most people will have a clear moral view on it. I come at the issue as somebody who would not support an outright ban on abortion. It is not right to tell women in particular situations that they cannot have an abortion. How, for example, can we tell someone who has been raped that they must not have an abortion? I am not, therefore, one of those people who try to use the debate on time limits as a Trojan horse to get rid of abortions altogether; the issue is much more complicated than that.

Although my moral view is clear, my view about the science is not quite so clear. The hon. Gentleman asked whether the current limit was based on the viability of a baby at that time or whether it was intended to give people the chance to have an abortion should they wish to have one. I very much hope and believe that it is based on a baby's viability. Although I support abortions for people in particular situations, it is outrageous and morally wrong to accept the principle that it should be permissible to abort a viable baby. We will therefore always come back to the science.

I tabled an early-day motion on this subject not too long ago, calling for a reduction from 24 weeks to 20, and my hon. Friend the Member for The Wrekin (Mark Pritchard) mentioned that. I was, however, persuaded by the hon. Gentleman that 20 weeks is just as arbitrary in many respects as 21 weeks or 19 weeks. There may be no particular basis for 20 weeks—why should the limit be 20 weeks and not any other period? I felt myself persuaded by that argument.

There is, however, some dispute over the figures. The hon. Gentleman quoted some figures for survival rates, but when I contacted the House of Commons Library, I was told that 39 per cent. of babies born at 24 weeks survived. There is clearly some dispute about the survival figures, so I find myself agreeing with the hon. Gentleman's proposed way forward. Select Committees should debate the issue, and the Government should get people to look into it, so that we can have a debate that is based on science and fact rather than raw emotion. I accept that my figure of 20 weeks was perhaps arbitrary; it was designed to move the debate on, which is why I welcome this debate.

Medical science moves on regularly, and I agree that it is an outrage that we have not debated this issue for 16 years. Medical science moves on very quickly, and those like me who feel that abortions need to be legal find it unacceptable that the time limit has not been debated for 16 years. Perhaps the law should enshrine the medical science rather than setting what may, given the progress of medical science, end up being an arbitrary time limit that is out of date within a year or so. Perhaps it should focus on the medical science and say, for example, that the ongoing abortion limit should be based on 10 per cent. of the number of babies born at that time—I simply pluck that figure out of the air. Rather than sticking to a particular time limit, which will inevitably become out of date very quickly, we should stick to something that is based on science and on a particular principle.

The hon. Member for Heywood and Middleton (Jim Dobbin) talked about how many abortions there are. I agree that there are far too many unwanted pregnancies and far too many abortions. There is a feeling around the country that abortions are sometimes too easy to obtain. I, for one, want something to be done to tackle that view, whether or not it is a misconception. I certainly do not accept that more sex education in schools is the way to avoid unwanted pregnancies and abortions, which I believe is what the hon. Member for

[Philip Davies]

Romsey (Sandra Gidley) was talking about. So far as I can tell, the more sex education we have in schools, the more unwanted pregnancies and abortions there are.

Mark Pritchard: That is an important point. A huge amount of public money has been spent on so-called health education in schools, yet there has been a huge increase in teenage pregnancies and sexually transmitted diseases. I question the whole logic of all this public money being spent, as the outputs are clearly not what they should be. I hope that my hon. Friend agrees.

Philip Davies: I have an awful amount of sympathy for what my hon. Friend says. The evidence is perfectly clear.

Sandra Gidley: The hon. Gentleman is obviously new to the House, so may I refer him to the Health Committee report on sexual health, which demonstrates quite adequately that current levels of education in schools are woefully inadequate? We took evidence from young people, so perhaps he will read the report before he comments further.

Philip Davies: I thank the hon. Lady for her advice, but simply because a Select Committee gives a particular recommendation does not necessarily mean that I must agree with it. I am sure that she does not necessarily agree with every recommendation made by every Committee. I try to use my own practical experience and consider these things from my own perspective as well.

Dr. Harris: I rise briefly to clarify the record. The figure that I gave was of 19 per cent. of people surviving up to six-year follow-up. Perhaps the figures that the hon. Gentleman obtained from the Library were different because they did not relate to people surviving up to six-year follow-up. Is he really saying that the so-called Widdecombe strategy of more ignorance for dealing with unwanted pregnancy is the way forward?

Philip Davies: I thank the hon. Gentleman for trying to clarify the discrepancy in the figures. I suspect that he might well be right about that. I merely make the observation that sex education, which has been piled on schools more and more year on year, does not appear to have had any great impact on the number of unwanted pregnancies and the number of abortions. In fact, the problem seems to have worsened.

It strikes me that the idea that more sex education will sort out all our problems is an easy and cheap solution. We have given sex education a particularly good go for several years and it does not appear to have worked, so a different strategy might need to be adopted. This never-ending sex education thing seems to encourage a fascination in the whole subject rather than preventing people from indulging in these pastimes and successfully preventing unwanted pregnancies and therefore abortions.

The facts are there for people to see; sex education has not worked. I do not feel particularly comfortable sending my children off to school to be told someone else's moral view on such issues. Children go to school to be taught things that their parents cannot teach them, not to be taught things that parents can perfectly adequately talk to their children about. This sex education business does not help to reduce unwanted pregnancies and abortions. That has become evident to an awful lot of people around the country. I am sorry that so many people have been fascinated by this sex education bandwagon and will not challenge some of the conventional wisdom around the country on these matters.

This is an important subject that we should be prepared to debate openly and rationally. I accept that some people have a particular moral view and abhor all abortions. That is a perfectly legitimate view. I do not share it, but the point about time limits is important. Sixteen years is far too long. The hon. Gentleman's recommendations for getting the matter resolved in this Parliament are good. I support them wholeheartedly. I hope that the Minister will agree that, should the Select Committees give some time to discussing this, it can be debated in the Chamber and the matter can be decided once and for all in this Parliament.

11.45 am

Lynda Waltho (Stourbridge) (Lab): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing the debate. I am glad that we have been able to discuss the topic more or less intelligently and sensitively without anti-choice campaigners trying to revisit the long-decided debate over whether legal abortions should be available. As those who have seen the film "Vera Drake" are vividly reminded, the choice is not whether we have abortion, but whether we have legal or illegal abortion.

Abortion has been legal in this country since 1967 and is very tightly regulated. Uniquely, for a medical procedure, two doctors must authorise an abortion. It is not easy to obtain an abortion and we do not have abortion on demand. Statistics from 2003 show that 182,000 women in England and Wales had terminations; only 13 per cent of those were later than 13 weeks' gestation. Late terminations are very rare; so rare that the figures are difficult to obtain for any categories later than 13 weeks because to do so starts to compromise confidentiality.

In the west midlands where my constituency is situated, 18,000 women had terminations in 2003. Much recent debate has been about reductions in the abortion time limit but I would argue, contrary to the hon. Gentleman, that it is as important and useful to call for research into why these few women who have terminations after 22 weeks—the figure is less than 2 per cent.—are requesting so late. We need to remedy that and also look at the requirement for a second doctor to authorise the procedure.

The decision to have a termination is never easy and never taken lightly by any woman facing an unplanned pregnancy. That is especially true for late terminations, which are not pleasant for anybody involved. Late termination is difficult emotionally for all in those circumstances. As the hon. Gentleman pointed out, the patients referred are often distraught because their wanted pregnancy is affected by abnormality, shocked by a late diagnosis of pregnancy, struggling with awful personal circumstances or, as in the cases I have come across in my work with young women, desperate because it has taken so long to arrange.

We all know that while a termination still carries less risk to a woman than giving birth, the earlier a termination takes place, the more straightforward it is. In the west midlands we have the worst record for early termination; only 46 per cent. of terminations take place under nine weeks compared with 58 per cent. nationally. Along with local practitioners and counsellors I am calling for continued expansion of sex and relationships education, improved access to confidential contraception services and speedier access to termination services when contraception fails.

A recent evaluation of the teenage pregnancy strategy showed how seriously it has been taken at a local level and highlights the work of the teenage pregnancy co-ordinators, but it also confirmed how much needs to be done. More than two thirds of young people still do not feel that the sex and relationships education they receive at school fully meets their needs and they are not confident that they can access confidential services for advice and contraception. It is time to look seriously at making SRE a compulsory part of the national curriculum.

Sandra Gidley: The hon. Lady mentioned an important word there—relationships. That is crucial. In countries where SRE has a heavy focus on relationships, the unwanted pregnancy rate has dropped. I am pleased to hear the line of thought she is developing.

Lynda Waltho: I was hoping to come on to that point. Of course, it is the relationship part of the whole process that is important. Parents contributing to sex education is excellent. I hope that that is what I provide for my children at home, but not all children have parents or the sort of parents who can guide and listen to them and be available for sex education. The hon. Member for Shipley (Philip Davies) overlooks a great problem: many parents, for one reason or another, cannot provide sex education.

Comprehensive SRE would teach young people how to protect themselves against unplanned pregnancies and sexually transmitted infections and about local confidential services. It would also, crucially, help them to understand and resist peer pressure to have sex too early—that is the biggest problem—and to develop the communication and negotiation skills that they need to build successful relationships. I would welcome my hon. Friend the Minister's comments on that.

I welcome the recent input from the Royal College of Obstetricians and Gynaecologists in the form of guidelines to its members calling for women meeting the legal requirements to be referred without delay. That is a vital element. As a former teacher and a youth worker, I know that it is one of the biggest single issues in young women presenting late.

11.51 am

Steve Webb (Northavon) (LD): I congratulate my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris)—one of my predecessors as Liberal Democrat health spokesman—on initiating the debate and on his measured and well-informed contribution. As he said, he is a member of the British Medical Association's medical ethics committee, so he is very well informed on these matters. Coming from somewhat different ethical standpoints, we do not always reach the same conclusions, but I certainly respect both his contribution and the fact that he has brought this very important issue to the House today.

Although short, the debate has been lively. I was pleased to hear some discussion of prevention, because the danger of a debate on time limits is that we focus on the question of 22, 23 or 24 weeks when, according to the BMA's excellent factual briefing on the issue, which I think is intended to be fairly neutral, 0.75 per cent. of abortions take place after 22 weeks. If we spend all our parliamentary time, effort and energies focusing on the period after 22 weeks, we miss the other 99 and a bit per cent. For those who, like me and, I think, many hon. Members, take the view that there are simply too many abortions, not least for the welfare of women themselves, there is a danger in focusing the debate too narrowly, so I welcome our discussion of prevention.

Clearly, prevention can come at different stages in the process. As the hon. Member for Heywood and Middleton (Jim Dobbin) said, there are excellent pregnancy crisis services run by a variety of organisations, not necessarily by those that are strongly associated with one camp. A new service in my constituency, the Willow Tree pregnancy crisis centre, of which I am a patron, has been warmly welcomed by the local community as somewhere for a woman to turn to if she becomes pregnant unintentionally and wants to talk through the options with someone. The hon. Gentleman used the term "non-directive". The centre with which I am familiar will support a woman through her decision and will not turn its back on her if she takes a decision that perhaps is not the one that the founders of the group would have wanted. It supports people come what may.

One thing that I have observed is how poorly funded pregnancy crisis centres are. The group set up in my constituency has had to scrabble around for charitable funding in fairly small doses and has had to write to local businesses for small grants. Could the Minister say something more about what the Government are doing to ensure that women who want such support—often from other women from the local community and not necessarily from health professionals—can access it easily, locally and conveniently?

Prevention is critical, and an earlier stage of prevention involves education, which we have talked about. Where I perhaps differ from the hon. Member for Shipley (Philip Davies) is that the characterisation that he gives is of our schools talking about sex all the time. I strongly suspect that there is the whole spectrum in our schools. Some sex education is predominantly biological, and I would like to see it set in a moral context—not necessarily moralising, but, as my hon. Friend the Member for Romsey (Sandra Gidley) mentioned, in the context of relationships. That would make it easier, particularly for young women who want to delay having sex for the first time.

Although some parents are good at communicating what children need to know about sex, we have a responsibility to the children whose parents will not do that, as the hon. Member for Stourbridge (Lynda Waltho) said. I am not sure how the hon. Gentleman would respond, but from where will the children whose parents are not providing sex

[Steve Webb]

education—it is clear that there are such children—get the information, if not systematically and reliably at schools?

Philip Davies: It would be fair to say that sex education in schools may have a small part to play. What I object to is the continuing call for more and more sex education in schools, which strikes me not as the solution to the problem but as the easy, cheap response. Does the hon. Gentleman not accept that with the more calls that we have for more sex education in schools, the problem seems to get worse and worse?

Steve Webb: As my hon. Friend said, we need to look at the evidence. There are different approaches to sex and relationship education across Europe and beyond, and there are very different patterns of unwanted pregnancies. It is far from clear that there is a simple link. In a sense, why would one be opposed to education? Perhaps the hon. Gentleman is saying that he does not think that it is education—

Philip Davies: More and more education.

Steve Webb: Why would anyone object to more education? What is wrong with education? I think that the hon. Gentleman does not agree with the philosophy behind the education and thinks that it is propaganda or something else. Clearly, we need to ensure that what is happening in our classrooms is education based on information and a moral and ethical framework, including the context of relationships. We need to ensure that that happens, and I do not see how anybody could be against proper education. If children do not get information from their parents or teachers, they will get it from their mates, who may not be the most reliable source.

Where I part company with my hon. Friend the Member for Oxford, West and Abingdon is on the close link between the debate on the time limit of 24 or 22 weeks and the rules for first trimester abortions. I am happy to debate access to abortion in the first 12 weeks, but the link between the two is tenuous. It is interesting that some people see this debate as a stalking horse for a total ban on all abortions while others see it as a stalking horse for a great liberalisation. I was surprised to see briefing material from the Society for the Protection of the Unborn Child, which was against the debate because it was worried that it would lead to greater liberalisation. The issues might be usefully debated, but I do not see much of a causal link between the two. We should not just assume that if we are going to reduce the upper limit, we have to make abortion easier in the earlier days. I do not accept that logic.

Dr. Harris: I see my hon. Friend's point, but I was trying to make a wider point that women find it very difficult to get even second trimester abortions without significant delay. If the limit were reduced to 22 weeks, that would mean that women who would otherwise qualify would be outwith the limit, simply because of the delays in the system for referral or provision of service.

Steve Webb: That is a helpful clarification, and clearly what we want to avoid is arbitrariness. It would be unfair if one woman fell the wrong side of the line because of local delays in provision.

On my hon. Friend's important point about a joint science and technology Committee, there is a strong case for a Committee of both Houses advising us. Where I part company with him again—this comes back to the point made by the hon. Member for Shipley—is that it is clearly not an issue just for the scientists. One of my worries about having the two Science and Technology Committees reporting to the House is that we are being dominated by the science. The science is important—we need to be well informed—but it is far from the whole issue. If we are considering a strategy for reducing abortions, we should think about the causes, education and social issues. Scientific committees do not have a unique insight into such things. A wider group of parliamentarians, informed by the science, might be able to help the House in its deliberations.

While the hon. Gentleman was talking about education, I looked up the figures on the ages of mothers having abortions. Nearly three quarters are over 20. There is, again, a danger of thinking that we are debating teenage mums. Many of the women having abortions are relatively mature adults—their ages range across a wide spectrum. Therefore, our policy must be broadly drawn. The issues affecting women further into their childbearing years will be different from those affecting 15-year-olds. Policy needs to be tailored to the needs of individuals, rather than being broad brush and dealing with generalisations.

I very much welcome the fact that my hon. Friend raised the matter, on which he is very well informed, in such a measured way. I am concerned that if we focus just on abortions post-20 weeks and post-22 weeks, we will miss the bigger picture. The Government are not doing enough to tackle the fact that the number of abortions is gradually but remorselessly rising. It does not matter where one stands, whether one is pro-life or pro-choice, none of us can regard that as satisfactory. What is the Government's strategy for turning the tide, regardless of any specific decision on the small number of abortions that take place in the later weeks of pregnancy?

12.2 pm

Mr. John Baron (Billericay) (Con): I, too, add my congratulations to the hon. Member for Oxford, West and Abingdon (Dr. Harris) on having secured the debate. I also thank him for having sent me an indication as to what he intended to say. I found that very helpful.

No law can deal perfectly with such complex issues, and our present abortion laws are not perfect. However, it is important that, however complex the issue, the law reflects society's view. If it does not, it risks being seen as over-restrictive or morally at fault, and thereby undermining the rule of law in general. Aspects of the current legislation need to be addressed. On serious handicap, the law states that non-emergency abortions should not take place after 24 weeks. We are, however, aware of a recent newsworthy example of a foetus that was aborted after 24 weeks because it had been diagnosed with a cleft lip and palate. Although that condition might be a symptom of a failure of the skull to fuse—and, therefore, a serious handicap under statutory ground (e)—it might also be something as trivial as a harelip. It is vital that the wishes of Parliament are clear. This might, therefore, be the time

to issue guidance under the 1967 Act as to what constitutes a serious handicap. To my knowledge, there has never been a definition of that term. I would welcome the Minister's views on that.

As we know, more than 90 per cent. of abortions each year take place on ground (c), a risk to the physical or mental health of the woman. There is a fear that that is a vehicle through which abortion on demand is being secured. If that is the case, we may need to examine whether changes are required to our legislation. Perhaps, like France, Germany, Holland and Russia, we should place abortion on demand in the first trimester on a firm legislative footing, or perhaps statutory ground (c) should be tightened further. Either way, Parliament, in full command of the evidence, should be free to take the decision. It is important that the wishes of Parliament, once decided, be respected. I am not sure that that is the case at the moment.

Mr. Deputy Speaker, I think—

Sir John Butterfill (in the Chair): Order. I should point out that I am not a Deputy Speaker. The correct address while I am in the Chair is Sir John.

Mr. Baron: Thank you, Sir John. I apologise.

We should respect other countries' views on abortion. Last October, it was reported that the British Pregnancy Advisory Service was facilitating terminations after 24 weeks by referring women to a clinic in Spain that was willing to perform such terminations. However, Spain does not permit abortions after 22 weeks unless the health of the mother is in grave danger. A report into the activities of the BPAS by the chief medical officer has been concluded but has yet to be published. Will the Minister say when that report will be published? It is important that the laws of this and other countries are respected, especially as the BPAS receives NHS funds of about £12 million a year to carry out abortions.

The time limit has raised several issues. Last summer, the debate about the upper limit on abortion was sparked by the vivid images of a foetus at 18 weeks' gestation. The images displayed a foetus seemingly exhibiting uniquely human, child-like characteristics, the effect of which was to sharpen our minds on the debate surrounding the moral status of that foetus.

Our abortion laws have to date steered clear of moral issues, as the hon. Gentleman said. Instead, the upper time limit for non-emergency abortions has been based on the simple and probably most objective test: the point at which the foetus becomes viable. The precedent for that was the Infant Life Preservation Act 1929, which made it an offence to destroy the life of a child capable of being born alive. When the 1967 Act was passed, the limit for non-emergency abortions was assumed to be 28 weeks, because that was the point at which a foetus became viable. In 1990, for the first time, legislation set a time limit at 24 weeks, reflecting medical advances since 1967. There have been developments in the use of mechanical ventilation which should be studied very carefully. It is likely that a foetus can be viable at 22 weeks or even earlier.

I refer the Chamber to data published on the website of the *British Medical Journal* as part of the Trent health region study, which shows that between 1998 and 2001, 7 per cent. of all European births at 22 weeks in the Trent health region survived through to discharge from hospital. A few years later, that proportion may be even higher. If the time at which a foetus becomes viable has indeed fallen, we must consider reducing the limit in the 1990 Act, which amended the 1967 Act. However, the medical and scientific evidence must be properly examined and hon. Members are not in a position to take such decisions because we are not in full possession of the facts. That is why I support the hon. Gentleman's call on the Government to respond to the Science and Technology Committee's report on human reproductive technologies and the law, published in March. The report called on both Houses to set up a Joint Committee to consider the scientific, medical and social changes in relation to abortion that have taken place since 1967, with a view to presenting options for new legislation.

I hope the debate that follows will be much fuller and broader than we have had in the past on this issue, for two reasons: first, because it is obvious that there is a broad range of views. We, as hon. Members, have a free vote on the issue; I make it clear that the views I express are my own and do not necessarily reflect the views of the official Opposition. Secondly, there should be a broader debate because so far it has been too restricted, concentrating on time limits as guided by the concept of viability.

I, for one, have trouble with the idea that the state has a right to interfere in such difficult decisions, especially during the early weeks and months of a pregnancy when, for example, the woman has been raped. We must question the right of the state in such circumstances. However, the state should do more to help women to go their full term. We must not underestimate how difficult such a decision is for many women, who suffer the heartache of making the decision, and who often feel alone when they are making it. There are many groups that support women in those circumstances, and we, as a Chamber, want to acknowledge that and congratulate them on the excellent work that they do. However, the state could, for example, put more resources into the adoption services, so that if a woman were toying with the idea of abortion because she felt that she did not want the child after birth, at least there would be a further option, that of adoption, which could avoid abortion itself. We must, as a Parliament, question whether the state is doing enough to support women who are making those difficult decisions, often at times when they feel alone.

I look forward to a broad and full debate when the time comes—perhaps broader than we have had in the past. However, before that debate takes place—I am conscious that time is pushing on, and I want to give the Minister time to answer the various questions that have been asked—I should like to end by reiterating some of the questions that I have raised regarding the existing law. I shall focus on existing law, because I believe that it needs to be examined carefully.

The Minister needs to answer the questions about serious handicap that I have asked. For example, has she given any thought to publishing guidance under the 1967 Act to provide health practitioners with an exact definition of what "serious handicap" means? In that vein, I should like briefly to flag up one issue that is of interest to me. First, the Minister will be aware that something like 9,000 women travel to the UK to have

[Mr. Baron]

abortions, many from Northern Ireland. Will the Government now consider extending the scope of the 1967 Act to Northern Ireland?

Secondly, there is a suspicion that the will of Parliament is not being abided by, and that category (c) is perhaps a loophole through which abortions on demand are progressed. That must be addressed. We must recognise that fact, and decide whether we should allow abortion on demand, perhaps in the first trimester, or whether category (c) needs to be tightened up. That is an issue where the will of Parliament is not being abided by.

Thirdly, the Government must face up to their responsibility and address the issues raised by the cases surrounding the BPAS at a time when we are all calling for a greater examination of the medical advances and the evidence that should be made available. It is wrong when the Government delay the publication of relevant evidence in the case of the BPAS. When will the Government set a date on which to publish the BPAS study?

Finally, the Government must recognise—I hope to hear encouraging noises from the Minister—that medical advances have been made. I supported the hon. Gentleman in his call for a full debate on this difficult and sensitive issue, and I believe that the Government should set up a Joint Committee to consider it. I look forward to hearing the Minister's response.

12.13 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): Sir John, I am pleased to be able to respond to the debate introduced by the hon. Member for Oxford, West and Abingdon (Dr. Harris). I am going to try to get through as many questions that were asked as possible, so I shall try to avoid taking interventions. If there is something that I have not covered, I suggest to hon. Members that they seek me out and I will write to them further if they are not happy with my reply.

First, in 1967 and 1990, Parliament decided that abortions may be lawfully carried out in the circumstances specified in the Abortion Acts. We have heard a considerable number of contributions about that legislation this morning. Women are legally entitled to seek an abortion at the gestation periods that Parliament sets. It should be recognised that the proportion of abortions carried out at over 20 weeks gestation is small; just 1.6 per cent. of abortions carried out on residents of England and Wales in 2003. In fact, 87 per cent. of abortions are carried out at under 13 weeks gestation and of those, 58 per cent. were at under 10 weeks.

I am pleased to say that since 2002–03, there has been an indicator on access to abortion services in the primary care trust star ratings that have been set. That is important, because a number of hon. Members have raised during the debate the issue of access to abortion during the first trimester. The Government have put a lever on PCTs to do what they can to improve services. I am afraid to say that services are patchy in different parts of the country. We are trying to improve that with the star rating. Early indications are that it is having some effect. I hope that those who are not against abortion in principle will welcome that.

Access to abortion before nine weeks' gestation is important because it allows women a choice of surgical or medical abortion. I will address the point on medical abortion made by the hon. Member for Oxford, West and Abingdon later.

The time limit in section 1(1)(a) of the Abortion Act 1967 was reduced from 28 weeks to 24 weeks by a free vote in Parliament in 1990. There is no time limit for certain categories. Amendments were submitted by Back Benchers and were attached to the Human Fertilisation and Embryology Act 1990. The Government made parliamentary time available for the issue then because there was a consensus in the medical and scientific community that the time limit should be reduced. The debate that informed that decision considered a wide range of ethical and practical issues. Today, neither the Royal College of Obstetricians and Gynaecologists nor the BMA thinks that abortion time limits need to be reviewed, which is why the Government have no plans to do so. The circumstances were very different in 1990, when there was more of a consensus across the medical world that the situation needed to be addressed.

The Births and Deaths Registration Act 1953, as amended, provides for the registration of babies born dead after 24 weeks' gestation. That is described as the legal age of viability. Guidance from the British Association of Perinatal Medicine introduces the concept of a threshold of viability of 22 to 26 weeks' gestation. Although the possibility of survival for extremely pre-term babies has improved—of course, we are aware of that—data suggests that even with modern intensive care, the chances of survival at 22 weeks' gestation are only about 1 per cent, whereas at 24 weeks they are about 26 per cent. A recent BMA briefing paper entitled, "Abortion time limits", highlighted the fact that gestational age is not the only factor that affects whether a foetus is considered to be viable. Several Members have acknowledged that today.

One question asked today was whether the reduction of the 24-week limit would impact adversely on some women seeking abortion. If the time limit were changed, there would need to be a full assessment of the impact and outcomes of the change. Recent research gave some reasons why women seek abortions at later gestations, including their failure to recognise the pregnancy earlier, a delay in seeking abortion due to personal circumstances, and, of course, the diagnosis of foetal abnormality. In some cases, screening is available only at 18 weeks and onwards.

It is important to allow the woman, her partner and other family members who may be involved sufficient time to make that decision based on the information resulting from such a screening. The woman must be allowed enough time to assess the reality of caring for the child should it be born with a disability. It is important that there is time in the process not only for women to decide to have an abortion, but for them to decide not to have one.

We are bound by the science. I am sure that if there were an earlier opportunity to test for foetal abnormalities, most people would welcome that, but, as far as I am aware, science has not advanced to the point at which that is possible. There are clear issues about what information is given to the pregnant woman and the time that she is allowed to make a choice in difficult

circumstances. Therefore, there are a number of reasons why abortions take place beyond 20 weeks, and such abortions are few compared to the overall number.

The hon. Member for Billericay (Mr. Baron) and other Members asked about abortions beyond 24 weeks on the ground of foetal abnormality.

Dr. Harris: The Minister said that because the RCOG and BMA have not called for a reduction in the time limit, the Government have no plans to review it. They are two different considerations. Neither the RCOG nor the BMA has said that there is no need to review the issue. The comment I have from the RCOG is to the effect that it is not convinced of the need to change the upper gestational limit of abortion at present and that that would require a debate that went much wider than just the context of abortion. My question is whether the Minister envisages a review so that all of us, including those organisations, can decide whether there should be a change.

Caroline Flint: I was trying to explain the context in which a decision was taken to accept amendments to the Bill that was discussed in 1990. That decision was taken because there was consensus across the medical community that the 28-week time limit was too high, but as I have tried to explain, there is not the same consensus now. We keep all these issues under review and we are, of course, open to contributions from not only Committees and Members of the House, but organisations outside the House, which keep us in touch with the latest science and medical developments.

When the issue of abortion beyond 24 weeks was discussed in 1990, it was decided that abortion should be available without time limit in some circumstances. The decision is a difficult one. About 100 abortions take place each year at gestations beyond 24 weeks, most of which are done on the grounds

"that there is a substantial risk that if the child were born it would suffer from such physical or mental abnormalities as to be seriously handicapped."

Parliament did not define serious handicap in the Act; indeed, it chose to leave that to the expert judgment of the two doctors involved, who are required to form their own opinion about the seriousness of the handicap that the child would suffer if born, taking into account the facts and circumstances of each individual case. That approach was based on an understanding of the difficulties that arise in such circumstances and of the fact that each woman's pregnancy presents a unique situation to the doctors who have to give her the choice of a termination and set out the grounds.

The guidelines issued by the Royal College of Obstetricians and Gynaecologists include guidance to be taken into account when addressing that issue where the grounds in the Act are met. The document "Termination of Pregnancy for Foetal Abnormality" states that if an abnormality has been detected and two medical practitioners are of the opinion that that there are grounds for a termination, the woman should be advised that she has that option. The royal college guidelines are a helpful aid to professionals who have to make a decision in accordance with the law.

I turn now to judicial review and Rev. Joanna Jepson's case. Further to the Crown Prosecution Service decision earlier this year not to prosecute the doctors involved in the case, Rev. Joanna Jepson has decided not to pursue her application for judicial review.

Several hon. Members raised the issue of improving access to abortion. The requirement for two doctors to agree an abortion was a safety mechanism to ensure that the law was taken seriously. If proposals are introduced to amend current abortion legislation, that will be a matter for Parliament. It is accepted that the current measures are a safeguard. I understand the hon. Member for Billericay when he asks whether that creates unnecessary delays, but I am unsure whether he is suggesting that we should have a policy of abortion on demand or whether he is raising the issue as a debating point.

Mr. Baron: Will the Minister give way?

Caroline Flint: I really would like to make progress because I have got to deal with a lot of contributions from other hon. Members.

The hon. Gentleman asked about permitting medical abortions and asked where they should be allowed to be carried out. We agree that women who have grounds for an abortion should be offered the choice of an earlier medical abortion and that primary care trusts and abortion service providers should ensure that such provision exists. Use of medical abortion increased from 5 per cent. of abortions in 1995 to 17 per cent. in 2003.

Section 1(3A) of the Abortion Act 1967, as amended, gives the Secretary of State for Health the power to approve a "class of places" to perform medical abortion. That could enable such abortions to be available in a wider range of health care settings. Two early medical abortion pilots are in progress, the purpose of which is to enable us to help define a "class of places". What is uppermost in my mind, however, is that no "class of places" will be approved unless the Government are content that a woman's safety is not at risk.

I was also asked about ensuring that patients are aware which doctors are willing to refer patients directly for abortion services and which are not. Doctors with a conscientious objection to abortion should make their views known to the patient and enable them to see another doctor without delay if that is the patient's wish. That is reinforced through the General Medical Council's guidance and the Department's recommended standards for sexual health services.

A few hon. Members mentioned the legislation in Northern Ireland. In Northern Ireland, abortion can be performed to save the life of the mother or to prevent serious damage to her physical or mental health. The law on abortion is governed by a combination of the Offences Against the Person Act 1861, the Criminal Justice (Northern Ireland) Act 1945 and certain case law.

We are aware of a body of opinion in Northern Ireland that considers the law on abortion there to be either unsatisfactory or unclear but we also recognise the strength of feeling for not changing the existing legislative provision. I will follow up with Northern Ireland Ministers the point about guidance and will ask them to reply to those concerned in due course.

[Caroline Flint]

We are considering how we can look at the performance of NHS services in respect of the time from presentation to termination in abortion services in order to reduce delay.

My hon. Friend the Member for Heywood and Middleton (Jim Dobbin) was frank about his point of view. The debate has been a microcosm of the different points of view in society. Representing those different points of view is hopefully one of the things that Parliament can do best.

Mark Pritchard: Will the Minister give way?

Caroline Flint: I will not give way; I have only four minutes left.

Quite rightly, concerns were raised about the safety of people who have a termination and whether they are given full information about the possible consequences. It should certainly be discussed with a woman by those from whom she is seeking advice about services.

Abortion, both medical and surgical, is a very safe procedure and complications are uncommon. Deaths following abortion are extremely rare, with about one death a year out of about 180,000 abortions. It is a Government requirement that all maternal deaths should be subject to confidential inquiry and all health professionals have a duty to provide the information required. Maternal deaths in the UK for all women are at a rate of 53 per million maternities, compared with about five per million abortions. Pregnancies are not risk free, and it is important to see the risk involved in abortion in the context of other complications that arise out of pregnancy. I hope that provides those listening to or reading the debate with the context for issues of health and abortion.

Any woman considering an abortion must have all the facts, including accurate information about possible complications, so that she can make an informed choice. Some studies suggest that rates of psychiatric illness or self-harm are higher among women who have had an abortion compared to women who give birth or non-pregnant women of similar age. It must be borne in mind that these findings do not imply a causal association and may reflect some continuation of pre-existing conditions, which may or may not have contributed to the pregnancy in the first place.

My hon. Friend the Member for Heywood and Middleton is absolutely right. The woman concerned should be given support and counselling.

Dr. Harris: Will the Minister give way?

Caroline Flint: I am afraid that I will not, as I have only two minutes.

I come to the question of Professor Stuart Campbell's 4D images of the 12-week-old foetus, which was described as showing

"the humanity of the unborn child".

Those images stir huge emotions, of course. However, it is important not to prejudge that those images somehow change our knowledge about foetal viability. It is a complex area and the pictures—

Mark Pritchard: Will the Minister give way?

Sir John Butterfill (in the Chair): Order. The Minister has made it quite clear that she will not give way.

Caroline Flint: I have had 15 minutes out of the full time, so I will carry on.

When it comes to conscientious objection, the Abortion Act provides that, except where treatment is necessary to save the life of or prevent grave permanent injury to the pregnant woman,

"no person shall be under any duty, whether by contract or by any statutory or other legal requirement, to participate in any treatment authorised by this Act to which he has a conscientious objection".

Finally, I turn to the points made by the hon. Member for Shipley (Philip Davies) and my hon. Friend the Member for Stourbridge (Lynda Waltho). We have seen progress on the teenage pregnancy strategy. If we consider the dates between 1998 and 2003, under-18 conceptions have fallen by 9.8 per cent. and under-16 rates by 9.9 per cent. In some areas, those figures are higher. We must consider why some services are achieving better outcomes than services in other parts of London or the country. It is not about more sex education; it is about making sure that we have the right sex and relationship education.

Sir John Butterfill (in the Chair): Order. Time is up.

Motor Cycles (Highways Act)

12.30 pm

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I thank Mr. Speaker for granting me this short Adjournment debate. I welcome the Minister. This is my first opportunity to say a few words to her.

I want to raise an important issue that affects my constituency. I refer to what was—until this year—the annual Saltburn motor cycle hill climb. I want to say a few words about the history of the event and then focus on the difficulties that exist. The event was a contest of speed and time for vintage and classic motor cycles and attracted up to 85 solo bikes and motor cycle combinations every year. The race was the inheritor of a 100-year proud motor racing tradition in the small seaside resort of Saltburn, which is located in the east Cleveland part of my constituency.

One hundred years ago—almost exactly to the month—the first Saltburn motor race took place on the fine town beach. It was sponsored by a local garage owner, and attracted crowds of thousands from the nearby Teesside towns. Saltburn sands—along with the Pendine sands in south Wales—were reckoned by the great racing drivers of the day to be the best surface for displays of speed in the entire UK. This history of motor racing developed under the wing of the Yorkshire Automobile Club from 1906 onwards.

In the inter-war years, some of the greatest names in British motor sport raced on Saltburn sands. The Guinness family and the Younger family—both brewing dynasties—had young sons who loved fast cars and the thrill of speed. They were joined at Saltburn by the famous competition drivers of the day, such as Malcolm Campbell and Parry Thomas. It was at this time that the first motor cycle races took place. Indeed, it is said that T. E. Lawrence—otherwise known as Lawrence of Arabia—who was a keen motor cyclist, once took part in a local event.

Following the end of the second world war, and the development of purpose-built racing circuits such as Silverstone and Brands Hatch, racing on the sands ceased, but motor cycle hill scrambles from Saltburn up into to the hills continued. These events were sponsored throughout the '50s by the then Saltburn urban district council and with the backing of local landowners such as Lord Zetland and his family. The hill climb remained a proud tradition and was recreated in 1993. In that year, the Middlesbrough and District motor club approached the local authorities to see whether it could relaunch an annual vintage and classic motor cycle hill climb. It was planned to hold it at the same time as the town's Victorian week, a celebration of the resort's Victorian heritage as a planned seaside town.

The type of bikes entered sound like a roll call of the lost British motor cycle industry. Their names ran from the ABC motor cycle to the Zenith motor cycle, along with more familiar names such as AJS, Sunbeam, Rudge, Quadrant, BSA, the mighty Norton Dominator and the Brough Superior—the biggest and possibly the noisiest motor cycles built in the UK. Well-known names in motor cycling such as Geoff Duke also took part in some of the events.

The hill climb took place along the length of Saltburn bank and Saltburn lane. That is a steep route climbing at an almost one-in-seven gradient from Saltburn's beach up to the Victorian gardens of Rushpool hotel, a former home of the Bell family who were major ironmasters on Teesside. The road was chosen because of the hill and because it is a very minor public highway. It is an unclassified country lane, and the local council tells me that the latest traffic counts show fewer than 1,500 movements on the road in any one 24-hour period. Consequently, the required road closure orders were easy to implement.

The local police, the local authorities and the local community gave solid backing to the new hill race series as it was seen as important to the town's tourist economy. Over the years, the race grew in popularity, and it is estimated that there were between 4,000 and 5,000 spectators at both the start and finish of the hill climb. That meant that the town virtually doubled in size on hill climb days, and those were people spending cash in a town that badly needed trade and tourist investment.

The hill climb became the Middlesbrough and District motor club's one big annual event and quickly became fixed in the Teesside sporting and tourist calendar until, I am afraid, earlier this year. That was when it was found out that due to the existence of a little known piece of legislation—much of it enacted via statutory instruments—the race was illegal and, in fact, had been illegal from the first day that it was run. That was as much of a shock to the Cleveland police and the Redcar and Cleveland borough council as to the hill climb organisers.

Sincere apologies, red faces and deep unhappiness were the order of the day from both the police and the council. The event is licensed under the rigorous safety requirements imposed by the Auto-Cycle Union and fully supported by Saltburn's parish council. The event is also a way of advertising both the motor cycle training offered by the council and the work of police's motor cycle section.

That is when the motor club approached me. Mr. Crust, the secretary of the Middlesbrough and District motor club, wrote to me and has been in regular touch with my office. He also came to see me in my surgery in Guisborough and expressed deep concern and disappointment about what had happened. He felt that it was a great injustice to the Middlesbrough and District motor club and the fraternity who have enjoyed the event. He felt that what was basically just a harmless day out for classic bikers and the motor cycling fraternity was seen, in law at least, as potentially harmful to the life and limb of everyone in the area.

The root of the legislative jungle lies in the Motor Vehicles (Competitions and Trials) Regulations 1969. That was amended by section 16A of the Road Traffic Regulation Act 1984, which, in turn, was further amended by section 12(1) of the Road Traffic Act 1988. That means that, in effect, no trials of speed or timing on a public highway would be allowed in England and Wales, even if the highway was especially closed by the highways authority. That was further codified and clarified by an obscure statutory instrument, No. 2233 of 1993, which confirmed the position and laid down a small number of exempted events organised by national bodies such as the RAC Motor Sports Association.

Frankly, a big legislative hammer is being used to crack open a small nut. Although I will grant that the hill climb is a competition of speed and timing, it is not

[Dr. Ashok Kumar]

a Formula 1 grand prix. Michael Schumacher and Rubens Barrichello are not fighting Jenson Button and Juan Pablo Montoya for a place on a winning podium in Saltburn. Instead, we are talking about a rather sedate race of very old bikes, lovingly restored and maintained by bike enthusiasts from across the north of England.

In the history of the event there has never been any accident or any injury, and no pedestrian has ever been put in danger. The council and the police managed the event in accordance with best practice in terms of crowd control and road closure. The Middlesbrough and District motor club ran it by the book—the book being a guide from the Auto-Cycle Union covering the arrangements for such events.

As it is, the 2005 race, which would have, in a manner of speaking, been the great centenary event for Saltburn, will now not happen. The organisers examined whether there were ways to avoid the impact of the legislation. There seemed only two ways. Either the race would have had to become some kind of tame formal procession or it would have had to be promoted as a separate event through a private Bill sponsored by the club and the local authority. The first alternative was impossible and unwelcome to the club, which, after all wants to trial its bikes against each other. The second was fantastically expensive, full of legal complexity and beyond the ability of a small motor cycle club to process.

I am asking for positive action from the Minister to help the club, and possibly to help other clubs faced with a similar problem. It is not beyond the wit of Government and our expert legal draftsmen in the Department for Transport to re-examine the regulations, to see whether they can be fine-tuned so that small events of this kind can carry on, while very fast and dangerous road races are still prevented from taking place. I sincerely hope that the Minister will also talk to the Minister for Sport and Tourism, who I feel will have the same views as me on this matter.

The Middlesbrough and District motor club hopes that there might be a ministerial and civil service review of the regulations. Such a review could mean that the event could start again next year. If the Minister were willing to meet them, I would be happy to bring members of that club along so that she could hear what they have to say. We might find a way to deal with the problem and find a direction that would help the club as well as meet the legal obligations. I hope that we can have some sort of joined-up government, which is important, and that the plight of the Middlesbrough and District motor club and those who participate in it can be tackled. If the Minister could give a positive reply, I am sure that she would be welcome in Middlesbrough and in Saltburn, which is a beautiful part of my constituency. She could meet the people in the Middlesbrough and District motor club, and hopefully, they would invite her to take part as a pillion or sidecar passenger in the 2006 hill climb.

12.45 pm

The Parliamentary Under-Secretary of State for Transport (Ms Karen Buck): I congratulate my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this debate and on making his case so cogently and persuasively. He feels strongly and his knowledge and concern have shone through in this debate.

My comments will be divided between the general legislative framework and the specific event raised. As my hon. Friend implied, a number of motor events are permitted on public highways, such as navigational rallies and treasure hunts, but all those competing must abide by road traffic law at all times, including the speed limits, to ensure that public safety is paramount. Although he accurately set out the concern for safety in the event raised, we should remember that the speed limit must be maintained at all times and that past history is not always a guarantee of future performance, to coin a phrase.

Motoring events that could cause danger and are most likely to cause nuisance to the public, such as races or trials of speed, are always illegal on public highways. They are confined to private roads, although local authorities can specially authorise such events on footpaths and bridleways. It is also possible, as my hon. Friend conceded, for specific on-road events to be authorised by a special Act of Parliament.

The legislation specifying when motor events are permitted is in sections 12 and 13 of the Road Traffic Act 1988. Section 12 prohibits any race or trial of speed between motor vehicles from taking place on public highways and replaced similar provisions in section 14 of the Road Traffic Act 1972, which replaced section 7 of the Road Traffic Act 1960, which in turn replaced section 13 of the Road Traffic Act 1930. Section 13 of the 1988 Act allows other forms of competition or trial between motor vehicles to take place on public highways, provided that they are authorised in accordance with the relevant regulations, which are the Motor Vehicles (Competition and Trials) Regulations 1969. Section 13 of the 1988 Act replaced section 15 of the Road Traffic Act 1972, which replaced section 36 of the Road Traffic Act 1962, under which the 1969 regulations were made.

Events are authorised subject to various conditions, which are set out in the 1969 regulations, which ensure the safety of participants, spectators and other highway users. The regulations have been amended four times since they were made. They were last amended in 1993, to update the fees charged for authorising events, to amend the permitted average speed limits to which such events are subject, and to amend the list of specified events that may be authorised more than six months in advance.

Apart from the longer time allowed for authorisation, the events specified in the 1969 and 1993 regulations are subject to the same conditions as all other on-highway motor events. That is because they are large events, which take more time to organise. Such conditions include an average speed limit across the whole of the event on public highways that is not likely to involve any participant either exceeding any speed limit or travelling at a speed that may be dangerous on any part of the road. Also, the average speed for the event must not be more than 30 mph or 60 mph where the route is on a motorway. Those limits are reduced to 25 mph and 50 mph where the vehicles involved are goods vehicles, large passenger vehicles or cars towing caravans. The 1993 amendment increased the average motorway speed

from 50 mph to 60 mph for most vehicles and added cars towing caravans to the group of larger vehicles subject to lower limits.

The authorising body for on-road motor events specified in the 1969 regulations is the Royal Automobile Club. The authorisation process is administered on its behalf by the Royal Automobile Club Motor Sports Association, which is now a separate body. The 1969 regulations do not impose any restriction on the type of motor vehicles that can be involved in on-road motor events. There is nothing prohibiting motor cycles from being involved in events that can be authorised in line with the regulations. However, any vehicle used on public highways, whether or not as part of the events, must be roadworthy and comply with current construction, use and vehicle lighting regulations. The maximum number of vehicles permitted to be involved in an event is 180, or 120 for night events.

Section 16A of the Road Traffic Regulation Act 1984, which was inserted by the Road Traffic Regulation (Special Events) Act 1994, gives local authorities the power to prohibit or restrict vehicles from using certain highways in order to facilitate the holding of motor events. Section 16A does not prohibit or restrict the use of any vehicles involved in a motor event, but it is used to prohibit the use on certain highways of other vehicles not involved in the event in order to allow such an event to take place safely.

Local authorities can only use these powers where certain conditions are met. The event must comply with section 13 of the Road Traffic Act 1988, including any necessary authorisation under the 1969 regulations. An order cannot be made in respect of a race or trial of speed that is prohibited by section 12 of that Act. The authority must also be satisfied that it is not reasonably practicable for the event to be held other than on a highway. However, even if the event is authorised in accordance with section 13 of the 1988 Act and the 1969 regulations, there is no obligation on the local authority to facilitate the event by restricting other traffic under section 16A of the 1984 Act. It may do so, but does not have to. That is the broad legislative framework within which we are required to work.

My hon. Friend has explained his concerns arising from a particular case, the Saltburn hill climb, organised by the Middlesbrough and District motor club. It is a speed trial where each participant is timed throughout the length of the event and there is competition between participants for the lowest time taken to complete it. Speed trials of this kind can take place only off public highways and are subject to the legislation covering off-road motor sport events. As my hon. Friend has mentioned, it is also possible for them to be permitted by a specific Act of Parliament.

This event is prohibited from taking place on public highways by section 12 of the 1988 Act because it takes the form of a trial of speed. The local authority therefore cannot prohibit other traffic from using the highways to facilitate the event under section 16A of the 1984 Act. Subsection (4)(a) of section 16A specifies that local authorities cannot use those powers for events that are prohibited under section 12 of the 1988 Act because they are trials of speed.

The prohibition is specified in section 12 of the 1988 Act, not in the secondary legislation, and it would require primary legislation to change it. It is a long-standing prohibition, dating back to at least 1930, and we do not propose to introduce such legislation. If we allowed racing and speed trials on the public highway, we would be concerned about the effect on the safety of the general public and on traffic congestion on other roads that remained open. I also believe that decisions to hold such races should remain a matter for Parliament to consider in each case.

The purpose of section 12 is to ensure the safety of the general public and is designed to provide a balance between the rights of those taking part in events and the rights of the public at large. Even if an event were held on a closed road, there is no way to completely quarantine it from pedestrians using pavements or footpaths that may cross that section of the highway. That is why races and speed trials, which involve motor vehicles competing to go faster than other participants, are not allowed on public highways.

It may be that such an event could go ahead in future in a modified form, provided it complies with sections 12 and 13 of the 1988 Act and the conditions specified in the 1969 regulations. Alternatively—I understand my hon. Friend's concerns on this—it would be possible for the promoters of the event to seek a private Act of Parliament. My hon. Friend has asked for a meeting, and my door is always open to those making a good case, but I shall not raise expectations of the possibility of a change to the provisions that I have just outlined. He may, if he wishes, explain the results of the debate to the club, and if it were to put forward a number of changes to the event and seek guidance from the Department on whether it was in compliance, it might be possible for us to have further dialogue.

We are currently considering amendments to the 1969 regulations, and the equivalent regulations for off-road motor events. We intend to launch a public consultation on our proposals later this year. That may also inform the club. The main purpose of the amendments is to amend the provisions for the fees charged for authorisations and to specify the Royal Automobile Club Motor Sports Association, rather than the Royal Automobile Club, as the approved authorising body for on-highway events. That process will provide an opportunity to make comments on other aspects of the regulations. I will ensure that my hon. Friend receives a copy of the consultation document when it is published.

Given the circumstances that I have outlined, the club may want to discuss the possibility of a revised event. Although my comments may not have provided the comfort for which my hon. Friend was looking, I hope that they at least explained the Government's thinking on the subject and why we cannot make concessions for events of that exact nature. However, I offer the possibility that in a different guise—in a different form—that event, which, as my hon. Friend outlined so well, is clearly important to the local community and to the tourism economy, may be able to continue.

Sir John Butterfill (in the Chair): We now come to the next debate. The Minister is in his place, so we may start early.

Mr. Paul Burstow (Sutton and Cheam) (LD): On a point of order, Sir John. Would it be possible to start at 1 o'clock when one of my hon. Friends, who has a constituency interest in the debate, intends to be here?

Sir John Butterfill (in the Chair): In that event, I will suspend the sitting until 1 o'clock.

12.56 pm

Sitting suspended.

Mental Health Services (South-west London)

1 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I am grateful for that brief pause, Sir John. I am pleased to have secured this debate on mental health services in south-west London and to have the opportunity to draw the attention of the House to my concerns and those of several of my hon. Friends who represent south-west London constituencies about the development of services for people with mental health problems. I am also grateful to have this opportunity to ask several questions of the Minister responsible for these matters.

I question the way in which the South West London and St. George's Mental Health NHS Trust has gone about dealing with a series of service and financial difficulties in the past few years. My hon. Friend the Member for Carshalton and Wallington (Tom Brake), who cannot be in the Chamber today, shares my concerns, as do my hon. Friends the Members for Twickenham (Dr. Cable), for Richmond Park (Susan Kramer) and for Kingston and Surbiton (Mr. Davey).

The trust has let down both patients and staff. It has kept them in the dark and has lost their confidence as a result. In February 2004—that is 17 months ago—it was announced that the trust was to receive £30 million in a bail-out to help to cover its massive maintenance backlog. According to research that I carried out at the time, I discovered that the trust, which covers my constituency and five London boroughs, would still require another £43 million worth of repairs to bring it up to standard.

The costs simply to meet basic health and safety regulations stood at more than £500,000, while the cost for repairs to meet fire-safety compliance was almost £1 million. Those figures were known, and every taxpayer in the country has contributed to bailing out the trust from a long period of failure to invest in its building stock.

The maintenance backlog is only the tip of the iceberg. Earlier this year, the trust announced that it faced a deficit of £8.4 million. It also announced that it had agreed a change and recovery plan, which I sometimes believe is a euphemism for cuts, to bring expenditure within budget in the coming year.

The trust is currently consulting informally on its change and recovery plan, some of which has far-reaching implications. It has identified cuts to some services and changes to others in an attempt to balance its books. It would have us believe that the cuts are all part of its plans to modernise services and provide more locally-based care-in-the-community settings, but at the end of the day there is no hiding the fact that cuts are being made.

Mr. Edward Davey (Kingston and Surbiton) (LD): Tolworth hospital in my constituency is an example of that. Its acute day service and therapy team was introduced with much fanfare just over a year ago as an example of modernisation of the service, but it is the first service to be cut under the proposals.

Mr. Burstow: I presume that it was cut on a last-in, first-out basis, which is hardly a good model for

developing services. My hon. Friend the Member for Twickenham and many of his constituents are concerned that the proposals to close the Maddison centre, which is a day hospital, will have an impact on many vulnerable patients who will be moved elsewhere as a consequence.

The mental health services in my constituency are in a dire state. The community mental health teams are understaffed and overstretched, and the Sutton teams have the highest referral rate and number of non-complex referrals in the trust area. The child and adolescent mental health teams have the equivalent of 11.3 full-time staff against a national service framework recommendation of 37.4. There is an acknowledged lack of talking therapies and advocacy services.

There is still a significant maintenance backlog, and the existing buildings do not meet the requirements of the national services framework or the mental health policy implementation guide. Day services are lacking, especially for younger people, and the services offered pay little attention to diverse ethnic, cultural and religious needs.

Overmedication is still taking place to placate immediate needs, and the lack of vocational support means that people are in fact becoming deskilled instead of receiving the assistance they require to hold on to their jobs or return to work.

Mr. Sadiq Khan (Tooting) (Lab): Does the hon. Gentleman not believe that, instead of investing in bricks and mortar and institutionalising people, there is something to be said for assertive community treatment schemes, early intervention services, home treatment schemes and 24-hour crisis lines? They help to meet the needs of our disparate communities. Some people have needs that being institutionalised, even in a day hospital, does not address.

Mr. Burstow: The hon. Gentleman makes a fair point. My purpose in raising these issues is not just to campaign in favour of bricks and mortar, but to campaign on behalf of those who need these services, regardless of whether they are provided at an institution or in a person's own home. I will return to the role of assertive outreach and similar teams soon.

There are small bands of dedicated staff—in the community and in hospital settings—that are battling on, but they are doing so in a climate of distrust and fear. I have received letters from some of them. Many are too afraid of losing their job to allow me to read out their names, but they are demoralised and they feel downtrodden by their excessive case loads. Members of staff of the acute services are particularly critical of poor health and safety measures. That was proved by the tragic incidents that took place at Springfield hospital, and for which the trust was officially criticised and fined.

Staff are also aware of the many well-paid managerial posts that have been created in the past few years. They are advertised in the specialist press, and some of them pay in excess of £70,000 a year. They cannot reconcile that with the cuts that are being proposed. My hon. Friend the Member for Twickenham has made that point in the House on several occasions in recent months.

Change is always a difficult process to manage, but the South West London and St. George's Mental Health NHS Trust provides us with a textbook example of how not to manage change. There is lack of direction from the higher tiers of management, and an inability to understand the importance and timing of consultation with staff, the public and, perhaps, elected Members in this House and in local authorities.

That is exemplified by the closure in April of the Chiltern day hospital in Sutton. It almost seems that that was done on a whim; it was certainly done in a rush. One of the arguments put forward was, "Well, it does not matter too much, because we can manage the fact that there are only eight in-patients who will be directly affected by the closure." However, that is still a cut, and a cut to a service that is not easily provided elsewhere. Those eight patients, along with anyone else who may need the service in the future, have been farmed out to other, already stretched, facilities in the local area. There was no consultation about the closure; staff, patients and families were presented with a fait accompli, and the excuse that was given for not being able to consult was that there was so-called election purdah. That is downright disgraceful.

The Department of Health guidance on the general election was published on 5 April. It states:

> "As at all other times, NHS staff should not be asked to engage in activities which could give rise to criticism that public resources are being used for party political purposes. In particular, you will want to ensure that there are no grounds for complaint against your organisation that it has behaved partially towards candidates or parties represented in the election during this period."

That is normal and good practice outside of election time as well.

The guidance continues:

> "It would be advisable not to start a consultation now the election has been called unless it can be demonstrated that it would seriously impede NHS business to delay it a few weeks until the election period is complete."

There is nothing in the guidance about not being allowed to consult. It is simply stated that consultations should be delayed until after the election if that is possible. Why did the trust decide that it had to close down the day hospital so quickly? It was not falling down. There were no immediate health and safety issues. Why was not time allowed for proper consultation with patients, families, staff and the public? Why was this decision taken at the same time that the general election took place? It was not as if anyone with a passing interest in politics did not know when the election was likely to be called. It should not be beyond the wit of senior NHS managers to make a planning assumption about the date of a general election.

Mr. Khan: Will the hon. Gentleman give way?

Mr. Burstow: Let me finish the point and I will happily take one more intervention, but I want to ensure that the Minister has ample time to reply.

The general election has become a convenient excuse to hide incompetence and the failure to consult the public about proposals that would have a significant bearing on their quality of life.

Mr. Khan: May I give the hon. Gentleman another example of plans to close a hospital without consultation, and without the excuse of the election? The trust of Springfield hospital in my constituency intended to close the Cottage day hospital without consultation. Thankfully, as a result of pressure from the hospital's overview and scrutiny committee, the trust will extend the consultation process. I agree with the hon. Gentleman that such closures lead to alarm and distress for hospital users and their families.

Mr. Burstow: I am grateful for that further example of how the trust conducts itself, the attitude that it takes and the value that it attaches to consultation. The trust will have to justify its decision on the Chiltern wing of Sutton hospital. Will the Minister confirm that the guidance issued by the Department just before the general election does not place a veto on consultation and that it does not prevent substantial variations being carried out during an election period? I am told that the local strategic health authority authorised the closure decision without consultation, and I ask the Minister to investigate whether proper advice was sought and whether the guidance was properly followed.

The national director for mental health published a report last December on the progress made since the national services framework for mental health was introduced in 1999. The report highlighted the lack of investment in mental health services throughout the NHS, saying that to a certain extent it was a result of the priority that primary care trusts give to mental health compared with other national targets such as access and waiting times. That is particularly so in my constituency.

The local primary care trust has a commissioning budget for my constituency and the adjacent constituency of my hon. Friend the Member for Carshalton and Wallington of £20 million, yet the newly appointed director for the PCT in Sutton has a budget of only £14.8 million for services to be provided locally. Why is 25 per cent. of the total figure being used to pay for out-of-borough services? It has not been explained, which is unsatisfactory, yet one person in three is likely to need some level of care from mental health services in their lifetime. That means that less than £500 is available to be spent on each person each year.

There is a chronic lack of funding for mental health services, and the mental health trust is to blame for failing to engage with the PCT and for failing to win the case for more resources. If we bear in mind that as many as 30,000 people may need some level of service in my constituency and my neighbouring constituency in the borough of Sutton, the resources are staggeringly low. I shall rehearse some figures to underline the fact.

There are 84 adult in-patient beds in the one specialised acute hospital ward in Sutton. There are only four adult community mental health teams to cope with a current caseload of 1,600 clients and 15 or 16 new referrals a week. There is one assertive outreach team with 150 clients, one crisis and home treatment team with 90 clients, and two resource centres with 180 clients. That just scratches the surface. People who receive a service rely on staff who are overstretched and buildings that do not meet the minimum standards.

The change and recovery plan drawn up by the trust is meant to deal with the emergency; but why should it have come to this? Why should it take a financial crisis to get the trust to acknowledge the need to start tackling the serious deficiencies in the service? The proposals are in line with current national thinking, and in many ways I support them. More services will be provided locally in the community, and there will be less reliance on hospital-based services. GPs with special interests and graduate workers will provide a broad range of services. That will be backed up by a network of social care specialists, counselling services and talking therapies, and there will be a stronger role for the voluntary sector, with self help and support groups.

It remains unclear, however, where that new army of specialised GPs, social workers and therapists will be found. Even less clear is where the funds will be found to train and employ them. What about the voluntary sector? Will it receive more funding to increase its capacity? Is anyone talking to the voluntary sector about the services that it provides now, and the role that it will be expected to play in future? The community mental health teams will be reduced from four to three, yet we need more of that sort of service, not less. How does that fit in with a transfer of care from inpatient to community-focused services?

The change plan states that there is a need to access a range of other services that form part of health promotion and ill-health avoidance, including advice on debt management, benefit availability and housing. Yet the plan is to close down the Springfield advice and law centre, which provides such advice to many hundreds of people, and which had over 200 new cases in 2004 alone. Does that really fit in with the promotion of well-being and the prevention of ill health? If people are not given the help that they need to manage their finances, keep their jobs or find new ones, pay for their housing and maintain their independence, the impact on their mental health will surely be considerable.

Providing care in the community and locally based services is far from a cheap option. It needs to be carefully thought through, properly costed and effectively managed. It requires expert training for general practitioners, social workers, therapists and the voluntary sector. It needs a thorough consultation strategy, so that the public, whether they are users of such services or not, understand the strengths of the new proposals and the advantages that they will offer, and have the chance to engage seriously with the development of the ideas at an early stage.

Care in the community and locally based services need to be properly financed, and need time and patience. The many hundreds of members of staff in my constituency who are dedicated to providing first-class mental health services deserve that, as do my constituents, although they are not getting it as a consequence of the process that we have embarked on, which has left them out in the cold. They should not be left in the cold; managers of our mental health services should engage with them fully, and they should be given the chance to shape those services for the future.

I hope that the Minister can respond positively and will take a much closer look at the issues that I have raised. I hope that he can make a careful examination of the role, calibre and quality of the management that has gotten the trust into the position that it is in today.

Mr. Khan *rose—*

1.16 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): I congratulate the hon. Member for Sutton and Cheam (Mr. Burstow) on securing this Adjournment debate on mental health services in south-west London. I am aware that he takes a keen interest in health issues, both generally and in relation to his constituency; I have signed 30 parliamentary answers in response to his questions this Parliament. I listened closely this morning and appreciate the comments that he has made.

Before I come to a couple of the local issues that the hon. Gentleman mentioned, and particularly the engagement process, I hope that hon. Members will forgive me if I briefly paint a picture of mental health policy and say what the Government are doing to improve mental health services nationally. It is important to highlight that, last year, around 1 million people were unable to work due to mental health problems. Such problems are now the number one reason for claiming incapacity benefit and cost the British economy billions of pounds. Improving mental health services is therefore key in the hon. Gentleman's constituency, as well as nationally, if we are to reduce the number of people who cannot work because of stress.

I assure the hon. Gentleman that mental health is a key priority for the Government. That is demonstrated by the record investment that we have made. In the past five years, since the publication of the national service framework, we have invested over £1 billion more in mental health services. The provision of mental health services in the community is being strengthened. Mental health services have taken great strides to improve access to effective treatment and care; that is evinced by the fact that the suicide rate is at its lowest recorded figure. Current data suggest that we are on track to achieve our public service agreement target by 2010. Significant progress has also been made in reducing in-patient deaths, and in reducing the suicide rate for young men, which was particularly high.

That investment is also getting through to the front line, in the shape of a much-needed boost to the mental health work force. For example, more than 1,500 community gateway workers are working to improve the speed of access to specialised services. In England, some 343 teams are working on crisis resolution, 261 on assertive outreach and 109 on early intervention. Some 17,500 people are now being seen by assertive outreach teams each year.

Getting these specialist teams in place is an important step forward. Their work on the ground, in the community, means that more people will be supported and treated in their own homes rather than admitted to in-patient wards, as in the past. We are in the middle of a substantial reform of mental health services. The new Mental Health Bill is a key part of the plan to improve life for people with mental health problems and to make treatment more focused on their needs. The Bill is the biggest reform of mental health legislation since the 1950s.

It is important to say that mental health is no longer the Cinderella service of the national health service. In the five years since the national service framework was published, almost 30 per cent. extra has been invested in mental health. Today the mental health work force are stronger than ever.

I turn to some of the local service issues raised by the hon. Member for Sutton and Cheam. I understand from officials that secondary and specialist mental health care is provided to a population of just more than a million people across five of the six boroughs in south-west London by the South West London and St. George's Mental Health NHS Trust. The trust also provides several national services and employs about 3,000 staff. About 150 clinical teams work from service locations at 50 sites across the five boroughs, and there are some 800 in-patient beds, although 80 per cent. of the work is provided within community mental health teams.

The trust is pursuing an ambitious programme of improvement across all service areas. It is working with PCTs and local health partners. My hon. Friend the Member for Tooting (Mr. Khan) mentioned a different view of how services will be provided in the future, and the trust is now in the business of delivering that.

I was glad to hear that many of the benefits of the Government's policy nationally can now be seen in and around the hon. Gentleman's constituency. For example, three assertive outreach teams provide community care for people with serious and enduring mental health problems seven days a week. Secondly, three crisis and home improvement teams provide a 24-hour crisis telephone line for people with mental health problems and their relatives; that helped something like 500 people in 2004–05.

Thirdly, there are early intervention services to provide comprehensive health and social care for younger people in their first episode of serious mental health problems; that service covers the boroughs of Wandsworth, Merton and Sutton. In 2004–05, about 112 people received early-intervention help and the team has been very successful in promoting social inclusion. On top of that, the trust has recently successfully bid for more than £450,000 of funding from the Department to develop user-led services to provide support for people with personality disorders.

Much of what the hon. Gentleman said could be traced back to a couple of issues. One was engagement, to which I shall turn in a moment, and the other was resources. I know that he will welcome the fact that between 1999 and 2000 and 2003 and 2004 there was an increase in resources of £46 million, an increase in the order of 43 per cent. That has made and will continue to make a substantial difference to people in his constituency.

Mr. Davey: Will the Minister confirm that that increase has been mainly on the revenue side, and that the capital budget for South West London and St. George's Mental Health NHS Trust remains in a pretty parlous state? Although there are options for the trust to manage its estate better, given the financing rules imposed on trusts by the NHS and the trust's lack of capital resources, its managers have a major problem.

Mr. Byrne: I shall address that point during my remarks on the financial recovery plan. If I omit to address his concerns directly, I shall write to the hon. Gentleman on that point.

[Mr. Byrne]

I shall give examples of three more services that provide improvements on the ground. First, the £7 million Phoenix unit project at Springfield hospital, Tooting—in my hon. Friend's constituency—is due to open later this year. It is the first part of a major estate-modernisation programme being undertaken by the trust. It will be an 18-bed unit and replace services currently housed in a Victorian building that is more than 160 years old.

Secondly, Springboard is a relaunched and expanded service that opened in March 2005 in new premises at Tolworth hospital. It gives clients across five boroughs access to—

Mr. Davey: I do not want the House to think that that is a new service. It has been going for many years, but had four or five years of total instability as the trust failed to understand where it should be reconfigured and provided. I am afraid that the history of Springboard has been one of failure until very recently, when we went back to good practice from the past.

Mr. Byrne: Precisely. That is why the service has been relaunched and expanded on the back of the new investment that the Government have put in.

Thirdly, in December 2004 a new service, the Kingston and Richmond home treatment team, was launched to provide intensive home-based treatment on a 24-hour, seven-day-a-week basis for people in acute crisis.

In the remaining minutes, I shall try to address a couple of points before I come to financial recovery and engagement. I understand that the decision on the future of the Chiltern day hospital was dealt with in accordance with the procedures for local engagement, and that the trust had a meeting with the local council overview and scrutiny committee on 18 May, and with the primary care trust and the local authority. My officials advise that it was agreed that closure is not a substantial change, and that in a subsequent meeting the OSC formally noted the decision. In line with the NHS plan, the crisis and home treatment teams will now serve the functions recently provided by the facility.

Mr. Burstow: Will the Minister reconsider the chronology relating to the Chiltern wing decision, and confirm the position regarding the guidance given to the NHS during the election? That information is crucial to the decisions and lack of consultation.

Mr. Byrne: I shall certainly look at the guidance given around elections, because I know that many hon. Members are concerned about that.

I shall address the point about the financial recovery plan. I am pleased to note that, with the help of partners, the trust achieved financial balance in the past financial year. I understand that, in 2004–05, the board reviewed the underlying financial deficit, cost pressures and financial risks, and that the need for a programme to generate savings of £8.5 million was identified. Action has been taken to address that. The trust board has approved a financial savings plan structured around seven work streams; income, work force productivity, service reconfiguration, overheads and procurement, reduction of surplus estate, management restructuring and risk management.

The trust met the PCTs in April to discuss the financial situation and share views on the way forward as a health economy.

Mr. Burstow: Could I and several of my colleagues from south-west London meet the Minister after today's debate to explore the issue further? We are concerned not about the additional investment, but about how it is being spent and managed.

Mr. Byrne: I shall come to that point in a moment when I talk about the engagement process.

First, I shall conclude my comments on financial recovery. It is for local NHS bodies to work together in south-west London to ensure that they live within their means and plan for long-term financial stability. I know that the hon. Gentleman will recognise that. It is imperative that the current record investment is coupled with reforms to produce a better service.

I come now to the engagement process. The hon. Gentleman has raised several concerns, but I am assured that much is being done to ensure that patients, staff and other key stakeholders are fully engaged in the changes to mental health services locally. Formal consultation is being undertaken in relation to four specialist mental health services, and will run until the end of September. The principle driving the proposed changes to services is that they should be more easily accessible to patients. PCTs are committed to maintaining the same level of mental health funding throughout the process, which is important. The outcome of the consultation will be considered by the joint overview and scrutiny committee in October. If, after that, the hon. Gentleman is still not satisfied that things are being run sensibly, I will happily meet him and colleagues; once that process has been exhausted. I hope that that is of some comfort to him.

The trust must take account of its financial position, and must act to ensure that services are provided clinically and cost-effectively with the resources available. In November and December last year, 12 workshops were held, to which clinicians, managers, carers and service users were invited to consider how the trust might deliver services differently. The options from the workshops were put together in a paper, which culminated in the stakeholder event on 13 January at which the results were presented. Furthermore, a team briefing produced in May, which was circulated to the patient and public involvement forum and local user and carer groups, described the planned changes. The director of quality at the trust has met the chair of the PPIF and representatives of service users on a monthly basis, and has met carer representatives every two months.

Service directors from the trust have been talking formally and informally to commissioners, PCTs, local authorities and partnership boards about changes and progress. The next step is a formal briefing and discussion with partners and stakeholders. Two meetings with the Sutton Mental Health Action Group and the carers development worker have taken place to discuss how the trust can best develop robust structures to involve users and carers in the ongoing development

and planning of their services. That discussion paper was drafted for consultation and a special meeting is planned for 25 July to progress matters.

Sir John Butterfill (in the Chair): Order. If the hon. Member for Tooting (Mr. Khan) wishes to take part in a short Adjournment debate in future he should first try to clear it with the sponsor, so he may give him some of his time.

Primary Health Care (Carers)

1.30 pm

Barbara Keeley (Worsley) (Lab): I am pleased to have secured this debate with the Minister. As a newly elected MP, I went to a meeting of the all-party group on carers yesterday, one of the aims of which is promoting awareness in the House of the needs of carers. I am glad to have the chance to do that today.

I congratulate the Minister on his role. He has responsibility for some of the key areas affecting all our communities. Carers are an important group in our society. We know from the 2001 census that at least 5.2 million people give unpaid care to family members and others. We also know from the census that more than a million carers care for more than 50 hours a week. Research into the health impact of caring at such levels is not yet extensive. However, a number of surveys and other research have pointed to the fact that caring has an impact on the carer's health, particularly at the heavier commitment levels, and that will be a major theme in my speech.

I want to discuss the extent to which current practice in primary health care is supporting the needs of carers and suggest what the Government can do to ensure that that support is improved. Those working with primary health care teams find that many say that their workload prevents them from changing practice or taking on new tasks, but many general practitioners and primary health care teams are changing practice and taking on new tasks. I shall set out what I think can be done to move forward on these issues to improve the health and quality of life of carers.

In 1999, the Government brought carers' issues to the fore when they published the national strategy for carers. Previously, the role of carers had been under-recognised and undervalued. The health and social care analyst, Melanie Henwood, summed that up in 1998 when she chose the title "Ignored and Invisible?" for the report on her research into carers' experience of the NHS. That was why it was particularly important that, in their national strategy, the Government identified the NHS as the single most important first point of contact for carers.

The strategy identified some important roles for primary health care staff. First, they should identify patients who are carers and patients who have a carer; secondly, they should check carers' physical and emotional health wherever a suitable opportunity arises, and at least once a year; thirdly, they should inform carers routinely that they can ask for an assessment of their own needs; fourthly, they should ask patients who have carers whether they are happy for health information about them to be given to their carer; and fifthly, they should signpost carers to other sources of support such as support groups and the local carers' centre. That checklist for primary care was an important step forward, but, six years on, it is now time to look at the extent to which primary health care teams are following it.

It is clear that we should do that if we want to build on the national strategy, both to protect carers' health and enable them to continue caring. From 2001 to the start of this year, I worked as an independent consultant with colleagues on research into carers' needs and issues

[Barbara Keeley]

for the national charity, the Princess Royal Trust for Carers. I do not feel the need to declare an interest, because that work ceased when I became a Member of Parliament.

In 2002, I co-ordinated for the Princess Royal Trust for Carers the largest ever survey of carers in the UK. Three years on from the publication of the national strategy, that survey provided a snapshot of carers' needs and priorities. A second project, in 2003, focused more specifically on primary health care and the most effective ways to identify carers and get them using support services. Ministers with responsibility for social care, my right hon. Friend the Member for Redditch (Jacqui Smith) and later my hon. Friend the Member for South Thanet (Dr. Ladyman), spoke at the national launch of those reports. The reports from both projects, and a number of other surveys, have pointed to the fact that caring has an impact on the carer's health, particularly at the heavier levels of caring commitment.

More than two thirds of the carers responding to the 2003 survey I mentioned felt that their own health had been affected by caring. That was in line with national findings. Symptoms reported to the general household survey by those caring for more than 50 hours a week included loss of sleep, reported by half the respondents, and physical strain, reported by almost a quarter, while one third felt depressed. It is becoming accepted that caring has an impact on carers' health. The effects of caring can cover a range of conditions including back pain or injury caused by lifting and handling, stress and mental health problems, poor immune responses, and hypertension and the associated risk of coronary heart disease.

On mental health issues, it seems from a number of surveys and studies completed since the national strategy was published that carers at the heavier end of commitment, those living in the same household as the cared-for person and female carers are all at high risk of mental ill health. Further, a study from the United States of people giving care to patients with stroke and dementia found that their health was affected in ways that would accelerate the risk of age-related diseases. The study found that the stress that the carers experienced was prematurely ageing their immune systems. That is clearly a significant finding for carers.

Understanding carers' health problems and needs and identifying what forms of support could alleviate the stresses on carers are therefore key areas for further research by the NHS. Maintaining and improving carers' health is correct in principle, because they are patients in their own right. For the NHS and social care agencies it is also a cost-effective way of maintaining the essential support that the carers give to the cared-for. The health of groups of patients such as those suffering from diabetes or heart disease is made a priority in the NHS through specific targets and incentives. Heavily committed carers should also be a target group for support and health improvement.

The necessary first step in enabling new and more targeted work to take place with carers within a GP practice population is to step up the pace of the work on identifying carers. In the late 1990s that was seen as essential. The Government had issued national priorities guidance on it in 1998, asking GPs, primary health care teams and social services staff to identify carers by April 2000. However, that target date was deferred and no new date has been set. The good news is that the momentum of the work that started in the late 1990s carried on for a number of years, and much good practice has been developed. Now it is seen to be important that carers be identified in a more focused way. GPs and their teams see limited value in wholesale identification of carers, and often reject such an approach for workload reasons.

Current good practice suggests that it is worth identifying carers who would benefit from being referred to other agencies for support and assessment of their needs. Carers with the highest level of caring commitment are likely to be in greatest need of support, and also need to have their own health monitored more frequently. In a GP practice population of 2,000 there are likely to be some 200 carers, of whom about 40 are caring for more than 50 hours per week, so the task of identifying the most heavily-committed carers is manageable. Also, a wealth of good practice, protocols, guides and training is available on how to identify carers most effectively.

It was clear from the report of the research done in 2003, which I mentioned earlier, that the work being done by GPs and primary health care staff on identifying carers is patchy. Some GPs and their staff work on it enthusiastically while others say that they are too busy. That means that carers using the GP practices that do not do such work are denied access to the services and support that they could get if they were identified and referred by their GPs. It would help if this work by GPs were better recognised in GP contracts. In current contracts, out of a maximum of 1,050 points available for quality of service, having a protocol to identify and refer carers is worth only three points. That is not a significant incentive; a larger contractual element would now seem appropriate. Also, if the Government were to set a new target date by which primary care teams working with social services staff were to identify carers—perhaps starting with the most heavily committed carers—that would send out the message that the Government considered the task to be important. If GPs identified those carers, they could offer them a health check. Standard 6 of the national service framework for mental health explains that carers of a person on the care programme approach should have

"an assessment of their caring, physical and mental health needs, repeated on at least an annual basis".

A similar approach could be introduced for other heavily committed carers.

In Salford, the carers' centre is working with local GPs to identify and refer carers for support. Staff at the centre told me about a recent case that exemplifies the way in which a carer's health can improve when they receive the right support. The carer presented at the GP's practice suffering from stress and depression. The doctor prescribed anti-depressants and referred the carer for counselling. At the first counselling session, the counsellor asked whether the carer knew about the carers' centre and whether she had received an assessment of her needs, and the answers to both questions were negative. The counsellor referred the carer to the centre, which arranged a carer's assessment. It identified the need for respite care and help with

personal care for the person cared for. With that counselling and extra support, the carer has already been able to reduce her use of anti-depressants. The primary care worker from the carers' centre contacted the GP's practice and found that it had no policy for identifying and referring carers. The example of that patient showed the practice how it could benefit from working with the centre. The staff have now received training in supporting carers, and the practice is making referrals to the centre. GPs and primary care teams would be helped greatly in the task of identifying carers if the Government had a publicity and awareness-raising campaign to encourage carers to identify themselves to their GP. Friday 2 December is carers' rights day, and that would be a good target date for such a campaign.

Finally, I want to talk about the idea of extending the concept behind the expert patients programme to create an expert carers programme. The expert patients programme has been one of the more innovative concepts in NHS thinking, and I urge the Minister to look at extending it to create an expert carers programme. The NHS, social services and others rely on carers' knowledge and experience in managing many illnesses and chronic conditions. From the parents caring for a teenager with a chronic eating disorder to the spouse, son or daughter caring for a person suffering from Alzheimer's, we can see that there is a role in health care for the expert carer. The Institute of Psychiatry at King's College is interested in developing an initiative on expert carers to help those with anorexia nervosa and other eating disorders. The self-management scheme for carers at the Long-term Medical Conditions Alliance could also provide a starting point for an expert carers programme.

The suggestions that I have made to improve the support that primary health care gives to carers include more research by the NHS into the impact of caring on the carer's own health, particularly at the heavier end of caring commitment; ensuring that the work of identifying carers in a GP practice population attracts a larger contractual element in GP contracts; setting a new target date for identifying the most heavily committed carers; a Government-run publicity and awareness-raising campaign asking carers to identify themselves to their GPs; and developing an expert carers programme. I look forward to the Minister's response.

1.43 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): I congratulate my hon. Friend the Member for Worsley (Barbara Keeley) on securing this debate on carers and primary health care. I also thank her for her congratulations on my appointment. As she will probably know, I have not replied to many Adjournment debates yet, but I can say in all honesty that of all the contributions to which I have replied, hers has been by far the best. She has already distinguished herself in this Parliament as a first-class representative of her constituency and a voice on matters of national concern. She introduced herself very modestly, but she is already one of the leading authorities on this issue in the House. That is why her remarks were so welcome.

I shall preface my remarks with a few words about the Government's national approach to this issue. The 2001 census showed that there are 5.2 million carers in England and Wales. That is one in 10 of the population and not far short of the population of London. Of those 5.2 million people, 68 per cent. provide care for up to 19 hours a week. That is 3.5 million people, which is more than the population of Wales. About 11 per cent. provide care for between 20 and 49 hours a week, which is about three to seven hours a day every day, and an incredible 21 per cent.—one in five or just over 1 million carers—provide care for 50 or more hours a week, which is more than the working time directive maximum of 48 hours. More than 225,000 people providing 50 or more hours of unpaid care per week state that they are not in good health themselves. As my hon. Friend said, if anyone is providing care at that level, it can and does have an impact on their health. More than half of the people providing that care are themselves over the age of 55.

The 2001 census tells us that, at the other end of the age spectrum, there are around 150,000 young carers—that is 17 years old or younger—in England and Wales. Some 13,000 of those care for a disabled person, usually a parent, brother or sister, for between 20 and 49 hours a week. Almost 11,000 care for more than 50 hours a week, which is more than double the time that they spend in the classroom. As my hon. Friend described far more eloquently than I could, caring can have serious negative consequences for the education and social lives of those young people, as well as their emotional and physical health.

The Government are committed to supporting carers. We were the first Administration to recognise the vital contribution that they make to society, which we made clear in publishing our carers strategy in 1999. We have also demonstrated our commitment to carers by supporting two private Member's Bills that have resulted in more rights for carers. First, the Carers and Disabled Children Act 2000 involves a new right for carers to an assessment of their own needs and circumstances. It also gives local councils mandatory duties to support carers by providing services to carers directly and in the provision of short breaks and by providing direct payments for carers' services.

The second Act, the Carers (Equal Opportunities) Act 2004, came into force on 1 April 2005. It makes three main changes to the existing law on carers services. Section 1 places a duty on councils to inform carers, in certain circumstances, of their right to an assessment of their needs; section 2 says that when assessing a carer's needs, councils must take into account whether the carer works or wishes to work and/or undertakes or wishes to undertake education, training or leisure activities; and section 3 facilitates co-operation between authorities in relation to the provision of services that are relevant to carers.

We have acknowledged the research that tells us that carers need a break from caring to help them carry on in the longer term. To support that, we introduced the carers grant in 1999 to support councils in providing breaks and services for carers in England. The grant has increased each year and has provided an extra £450 million over the past six years, and in 2005–06 it is worth £185 million. I am glad to say that, in the last local government finance settlement, we confirmed our commitment to continue the carers grant until the end of the 2007–08 financial year.

[Mr. Liam Byrne]

We recognise that a great deal more is still to be done, and I have set out three themes to guide my work this year. First, we need to give everybody a flying start in the world. For carers, that means that we need to find ways to support young carers and parent carers of disabled children more effectively. Secondly, we need to deliver independent living. That means that we need to be able to offer carers more choice about how and when they care. Thirdly, I am determined that we deliver dignity for life. That means that we must stop treating carers as amateurs: they are partners with the social services work force even though they are unpaid. They are also involved in the close family or personal relationships that underpin the caring relationship and, as with any relationship, deserve respect, privacy and freedom from unnecessary intrusion.

Up to now, carer influence on the development of health services has largely been about including them in the decision-making process when determining the services for the person for whom they are caring. However, we need to seek their views on the help that they need in their caring role. Their views should be just as important as the views of patients and staff in helping us to draw up the blueprint for everyday support for people using local health and care services outside hospital. It is vital that councils can engage at a planning level with their partners in health and social care, because that means that at a strategic level social services will have a lever to influence the priorities of their partners in health and other council departments.

My hon. Friend mentioned the good practice in Salford. I was delighted to hear her report of it. It is exactly the sort of thing that we should encourage. This emphasis on cross-authority co-operation was reinforced by the supporting carers theme in round 6 of the beacon council scheme, ensuring that the best councils have the opportunity to share their ideas and showing just how innovative services for carers can be through working across boundaries. We had already recognised that the quality of assessment and services for carers in the NHS are variable. We have taken steps to develop standards and indicators to ensure that the primary care needs of carers are recognised. Where it has been possible, we have promoted the idea of local primary care support for carers.

But we cannot stop there. More needs to be done to support carers who are invaluable but often undervalued. That is why we are exploring other ways in which primary care needs of carers can be improved, focusing specifically on the carer as well as the person being cared for. We have started that job. My hon. Friend mentioned that as part of the general medical services contract we have developed the quality and outcomes framework, which is a voluntary system of financial incentives. It is about rewarding contractors for good practice through participation in an annual quality improvement cycle.

The original version of the QOF guidance and evidence base, which was published with the contract agreement in 2003, has been revised by the NHS Confederation and the British Medical Association. In addition, since the 2004 Act came into force, a number of core and developmental standards relating to carers have been published through the new performance framework for the NHS and social care. A couple of standards are particularly important and worth spelling out.

Core standard 22 states that health care organisations promote, protect and demonstrably improve the health of the community served, and narrow health inequalities by co-operating with each other and with local authorities and other organisations and making appropriate and effective contribution to local partnership arrangements including local strategic partnerships.

Several other standards are pertinent to support for carers. Core standard 13 says that health care organisations must have systems in place to ensure that staff treat patients, their relatives and carers with dignity and respect. Core standard 14 states that health care organisations should have systems in place to ensure that patients, their relatives and carers have suitable information about, and clear access to, procedures to register formal complaints and feedback on the quality of services, are not discriminated against when complaints are made, and are assured that organisations act appropriately on any concerns and, where appropriate, make changes.

Barbara Keeley: On the quality and outcomes framework guidance, in my experience the people working in primary care projects in different parts of the country ran into difficulties with the definition of carer. For instance, in some areas PCTs did not accept that people caring for those with alcohol or drugs problems were carers. Talking of people being heavily committed or at the sharp end of things, young carers are often involved in the care of people with mental health and drugs problems. When these issues are clarified, it is important that everyone accepts a national definition of carer that includes those conditions.

The inclusion of carers in the core standards is key. It is a step change that some PCTs and other authorities have to make in recognising that this is a key constituency and in thinking it through properly. In some ways it is the overall links to PCTs and the big message that needs to be got across, rather than the detail. We are moving to a situation where the detail of everything that is produced includes carers. Provision is still patchy across the country. This constituency is being ignored in some places. Many organisations and people concerned about carers do not know how to get them further up the agenda. It is almost as if we have to do something big to show that we really mean this.

Mr. Byrne: I am grateful to my hon. Friend for that intervention. Having started the job, we must finish it. There is one opportunity to do that on which I might elicit her support. Having announced at the end of June that we will set out a vision for family health services fit for the 21st century, we are now going into a period of consultation, which will help us to draw up that White Paper. Our desire is to ensure that health care outside hospitals is delivered to high standards and in a way that people want. That must take into account the needs of carers. My hon. Friend's point about the need for a national definition is one that can be usefully considered as part of that consultation. It is especially true for people with long-term conditions who are being cared for in the community, where carers often play important roles.

We have made it clear that we want as many people as possible to contribute to that discussion because our aim is to listen to and learn from the public and people who come across such issues in their daily lives. To undertake that consultation, we are setting up an extensive public engagement programme, which will start in the autumn. It will include national, regional and local events. I will write to the team in the Department that is working on the project to ensure that the points that my hon. Friend made are taken into account when that consultation process is being designed, rather than when it is under way.

I turn quickly to a couple of the other points that my hon. Friend made. She made a point about the systems being used in GP surgeries to track the number of carers. That was considered. We decided that it was hard to specify one direction because of the diversity in systems and practices in GP practices. Most importantly, we are moving from processes to outcomes—a focus on all patients. That must include carers. As my hon. Friend said, they have better outcomes.

I also take my hon. Friend's point about how only three points out of 1,050 in the GMS contracts relate to carers. I stress that carers are individuals in their own right, so other parts of the contract will apply to them in addition to the carer-specific issues. Although the quality and outcomes framework cannot be altered locally, it is worth stressing that PCTs can commission extra services from any or all of the GP practices if they choose. Those services are called locally enhanced services. They are negotiated locally and funded from the PCT's main allocation. They are outside national negotiations and agreements, and the only prescription is that they are additional services. That is possibly another area for us to explore.

My hon. Friend also made the point about setting a date for a campaign to raise awareness among GPs about carers needs. Although I cannot commit to that specifically, I shall write to the Department of Health team working on the White Paper consultation. I may also write to the carers organisations with which I work in my portfolio to alert them to the debate and to flag up the point that, as the White Paper consultation gets under way, they may need to think about these issues.

My hon. Friend mentioned a useful point about expert patients. I have met some of them, and their stories are extraordinarily powerful. We must consider how such programmes can be introduced more widely.

I should underline the importance of the White Paper consultation. It is vital that the consultation is broad, and that experts such as my hon. Friend have the chance to input into it. I am reminded of the time when the mother of a very disabled man in his 20s spoke at an event that I was speaking at in Birmingham. She pointed out that carers consultation events often start at 10 am, finish at 4 pm, and have no facility for the cared-for person to attend, no paid expenses, no close parking and no messaging service. That will not be helpful if we are genuinely to take into account the views of carers. I am determined that we shall not make that mistake with the White Paper consultation.

Barbara Keeley: I should value a note about that matter, and I am sure that the carers organisations will be happy to help. Sometimes carers want to get away from the cared-for person for the day. Sometimes it suits people to come with the cared-for person. Sometimes people find it easier to talk about their situation if the cared-for person is not present, and it is then a question of respite care, and of help with it.

Mr. Byrne: My hon. Friend underlines the need to get the White Paper consultation right. I hope that she will get involved in the consultation in September, and that she will encourage others, particularly carers, to do so as well.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 20 July 2005

[HUGH BAYLEY *in the Chair*]

Asylum Seekers (Zimbabwe)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Joan Ryan.]*

9.30 am

Alistair Burt (North-East Bedfordshire) (Con): I am grateful for the opportunity to raise the subject of asylum seekers and Zimbabwe, which has been much discussed in recent weeks. It is a pleasure to see the Minister. I am sure that I speak on behalf of all my colleagues who have contacted his office in the past few weeks when I tell him how grateful we are to the staff there for their courtesy and speedy responses, which really make a difference. The responses may not always be what we would wish for, but that is not their responsibility. The work of the Minister and his team is appreciated.

The situation in Zimbabwe is well known in the Chamber and outside: it remains desperate. I know that a number of colleagues want to speak about Zimbabwe, especially about the Home Office decision to continue to return to that country those whose asylum claims are not successful, and I shall allow them to do so in the next 90 minutes.

I begin by putting in a nutshell the British position as far as the United Nations High Commissioner for Refugees is concerned. I received a letter from Bemma Donkoh, who is the representative to the UK, reminding me of the UN's current position. In it, she says:

"Under the current circumstances UNHCR's recommendation for States to suspend all removals to Zimbabwe (initially made by UNHCR in March 2002) remains current and valid. I would like to note that on 7 July 2005 the EU Parliament passed a Resolution advising EU member states against the return of failed asylum seekers to Zimbabwe."

It is interesting that she comments on the first UNHCR decision in March 2002, because that was rather similar to the decision made here to impose a moratorium on the return of asylum seekers to Zimbabwe. I wish to relate the decision to impose a moratorium, and the November 2004 decision to lift the moratorium, to current circumstances.

Rather surprisingly, the Home Secretary did not respond to the growing pressure from the press, interested parties and the world in general to reimpose the moratorium. In a statement, he gave a variety of reasons for not doing so, one of which was:

"The blanket suspension of all removals to any country can only encourage those who seek to get around our controls for reasons nothing whatsoever to do with their political activity or fear of persecution."—[*Official Report*, 27 June 2005; Vol. 435, c. 1023.]

He did not claim that the situation in Zimbabwe had improved markedly since the moratorium was imposed in 2002, as that would have been patently ridiculous, so he sought to justify the decision to continue to return those whose asylum claims were not successful on the basis that the suspension had been misused and the process abused. I challenge that assertion.

Rather than announce to the House the lifting of the moratorium, the then Minister for Citizenship and Immigration, who is now the Chief Secretary to the Treasury, released a written statement, in which he said:

"It is clear that the absence of enforced returns increasingly acts as a 'pull factor' for Zimbabweans, and for others posing as Zimbabweans, who do not need international protection but nonetheless make asylum claims confident that even when unsuccessful they will not be forcibly removed. This is a misuse of the asylum system."—[*Official Report*, 16 November 2004; Vol. 426, c. 79WS.]

The two main grounds on which the Home Office relied in lifting the moratorium and keeping it lifted were its pull factor and the fact that the system was being misused. Let us therefore examine those grounds.

One might expect the pull factor to become evident first in a substantial rise in the number of Zimbabweans claiming asylum during the moratorium. That would be the obvious point to make but, strangely, on 27 June, the Home Secretary did not give the House the figures for the number of people applying for asylum during that period. Now, that might have been carelessness—he might not have picked them up when he left the office—but I doubt very much whether his officials would not have given them to him. It seems blindingly obvious that someone would take such figures with them when making such a statement, but the Home Secretary did not have them with him.

I, however, managed to get the figures for the number of people applying for asylum, because I was given them by the Zimbabwe Association, and they have been reproduced in the excellent Library pack for this debate. I subsequently asked the Home Secretary in a written question whether he would confirm the figures that I had, but his answer simply referred me to the Library. Although it took me only five seconds to find the figures, it would have been more helpful all round if the answer had simply included them. It would have been nice to see them in a written answer, but not including them presumably spared someone the embarrassment of having them in *Hansard*. Let me, however, repeat them.

In 2002—the year the moratorium was imposed—7,655 people from Zimbabwe applied for asylum. In 2003, the figure had become 3,295 and in 2004, it had become 2,050. At first glance, one might say, "Some pull factor!", because the number of people applying for asylum during that period actually fell. Those figures were confirmed by the asylum statistics in the Home Office statistical bulletin, which was published at the end of November 2004.

When the Home Secretary was challenged on the figures, he said that he would write to my right hon. Friend the Member for Haltemprice and Howden (David Davis), and he subsequently did so. In his letter, he makes no mention at all of the number of people applying for asylum; instead, he deals with the percentages of claims and how successful they are. In doing so, he indicates that the number of claims accepted at the initial stage and the number of successful appeals had dropped. He says that it is

"notable that during the time that the enforced removal of failed asylum seekers to Zimbabwe was suspended, the percentage of Zimbabwean asylum applications that were rejected at the initial decision stage increased from 62 per cent. in 2002, 78 per cent. in 2003, to 89 per cent. in the first nine months of 2004."

[Alistair Burt]

The statistics published by the Home Office are not much out of line with those for other asylum seekers at that time. Page 4 of Home Office statistical bulletin says that the statistics show:

"The proportion of initial decisions granting asylum fell in 2003 to 6 per cent. from 10 per cent. in 2002 . . . Correspondingly, overall it is estimated that 28 per cent. of applications in 2003 resulted in grants of asylum . . . This compared with 40 per cent. of applications in 2002".

Across the board, therefore, it appears that the number of applications and the success rate for Zimbabwean asylum seekers were not much different from, and not out of line with, those of other asylum seekers.

Again, let us remember the numbers with which we are dealing. By 2004, we were dealing with just over 2,000 asylum applications from Zimbabweans, out of a total of 80,000. The country is hardly being overrun by Zimbabweans looking for protection.

Patrick Hall (Bedford) (Lab): Given the acknowledged growing political and economic pressure on people in Zimbabwe, does not the hon. Gentleman think it remarkable that the effects of that pressure are not being felt vis-à-vis the seeking of asylum in this country, and that the numbers are relatively small and appear to have dropped substantially in recent years?

Alistair Burt: That is quite extraordinary, but people find other ways to leave countries in these situations. They are certainly encouraged to do so by the decision taken by this country in 2002 to impose a visa requirement, and those leaving Zimbabwe now have to apply for visas to do so. It is hardly credible that someone seeking political asylum will turn up at the high commission in Harare and claim that that is why they want a visa to leave Zimbabwe. It is one way of encouraging the flow to reduce.

As statistics on the number of people being granted asylum on the first decision show a drop across the piece, perhaps the situation has something to do with the Government's targets. We know that, if the Home Office wants things to happen, occasionally the statistics turn out to prove its case. We are not always certain why, but unfortunately there is enough evidence of concealment in the operation of the Home Office in recent years. I shall not go back over the removals target that led to the building of Yarl's Wood in the first place and how that target was ridiculously optimistic even to officials in the Department, or over the problem of the Czech Romany Gypsies whose visas were prevented from being granted by order from the Home Office, but it seems remarkable that at a time when the Government wanted to appear tough on asylum decisions, the figures for those being granted asylum in the first instance fell: That is not my central point, however. It is that the figures for Zimbabwe seem more or less in line with others.

Accordingly, let us compare the situation when the moratorium was imposed with the situation in November 2004, when the decision was taken to lift it. What has changed? The situation in Zimbabwe is palpably no better and arguably much worse. The number of people applying for asylum has fallen substantially and the number of decisions being taken about whether, in the first instance, they are good asylum cases shows very little difference from the numbers across the piece. Why, then, was the moratorium lifted? What on earth are the reasons that encourage the Minister and the Home Secretary to persist with the current policy in the face of international opinion, opinion in this country and the opinion of the UNHCR?

If we go on from 27 June and consider the events of the following couple of weeks, we find a couple of interesting things. The first is the case of the mystery memo. On 14 July, a deportation case was, according to the press, thrown into confusion by a Home Office official who said that asylum removals had been stopped. Brought in as evidence—I have a copy of this in case the Minister has not seen it—was a memo from the Croydon enforcement unit dated 24 June. I shall return to the date in a moment. The memo says—I am interpreting the abbreviations used—that removal directions for 26 June and escorts are deferred and that the Croydon enforcement unit

"have notified us all Zimbabwean RD's need to be deferred until further notice."

As I said, that memo was dated 24 June. The Home Secretary's statement of 27 June, which stated the policy as we knew it to be and reasserted the policy of no suspension of removals to Zimbabwe, did not mention the memo. So what is this memo? Was it known to the Home Secretary on 27 June? I doubt that very much. Deliberate concealment of such a memo does not strike me as in any way credible, but who issued the memo, and why? What was its status and what is its status? The problem of the date is that it appeared to chime with a rumour that removals would not be encouraged during the G8 summit, because the world's press seeing an emaciated hunger striker in handcuffs being stretchered to an aeroplane to be returned to Zimbabwe was hardly likely to encourage the reputation that the Government seek. However, the Home Office subsequently said that the memo had no effect. I have never received a clear statement from a Minister on its status and what it means. If the Minister does not have a copy to hand, I am more than happy to pass one to him. I also have copies for his officials. Has the memo been countermanded? How was it issued? What on earth did it refer to?

There are real people behind all the political argument, the rhetoric and the discussions in newspapers and around the world. My constituency case involves detainees who happen to be women, because my constituency contains the detention centre at Yarl's Wood, where some of the detainees are women. The hon. Member for Bedford (Patrick Hall) and I have visited them. Their stories are sad and, I suspect, no different from those of many others seeking asylum in this country, about whom the Government must take hard decisions.

I restate that the Opposition understand, as we would, that tough decisions must be taken. We appreciate that in order to conduct an effective asylum policy, some people might be forced to return to countries to which they do not want to return. However, such policy has currency and effect only if it is based on justice and decency. That is patently no longer the case in relation to Zimbabwe, which is why the policy should

be suspended and why the things that happen to detainees have a particular poignancy, bearing in mind the country to which they are being returned.

The number of detainees is falling. I understand, again from the debate pack prepared for us, that 134 were in detention on 7 June. That number had fallen to 105 on 5 July, and I believe, although the Minister might correct me, that about 60 people are currently detained. That reflects the fact that some detainees have been released on temporary admission, but that more have been released on bail. In other words, the courts are taking the view that it is not particularly wise at the moment to detain people with no prospect of their removal. I am delighted that the courts are taking that view, but it does throw their decision into sharp relief against the authorities' decision to remove people and place them in detention.

Most women who I come across in Yarl's Wood have not committed offences in this country or failed to comply with any regulations relating to their status, and most have reported regularly under any restrictions placed on them. What happened to them was that one day, when they went to sign on and report, they were lifted by the security services, dispatched to a detention centre, and sometimes given very early decisions on their removal. In some cases, they were not allowed to return home, to collect clothes, or even to speak to friends. That cannot be acceptable for people who have committed no offence and who have been living entirely in accordance with the rules set out by the country to which they have come.

I make a couple of pleas on behalf of those women. First, I remind the Minister of the concerns that have been expressed about the escort services, which take detainees from the place of their detention to their point of departure. Many detainees do not want to go, so it is a difficult job for the escort services to do. Allegations of mistreatment are not uncommon. There is nothing to protect one side or the other.

The Home Office has ordered closed circuit television to be introduced in the vehicles that take people to points of departure, but not all the detainees are taken in such vehicles. In the case of Yarl's Wood, many people are transported in private cars. There is usually one detainee—one woman—to three guards. There is no CCTV. If allegations of mistreatment are made, there is no independent observation of what might have happened.

Following an incident at Yarl's Wood that was reported to me, I asked the Minister:

"if he will ensure that no asylum detainee is transported to a port of departure pursuant to a deportation order in a vehicle without CCTV, or the offer of escort by an independent observer".—[*Official Report*, 4 July 2005; Vol. 436, c. 1[illegible]W.]

That was coupled with another question, which he answered. He did not, however, answer my first, so I asked him again.

My second plea is to draw attention to the small acts of carelessness that affect the lives of these detainees who, as I said, might have been living absolutely normal lives in this country for several years before being put behind bars. Sometimes they are moved around the detention estate with little or no explanation, and such movement may disrupt bail hearings and relationships with lawyers, friends and supporters.

I had a case of a woman who was moved from Yarl's Wood to Colnbrook in London for a week, then up to Scotland on the Sunday. As a result, she could not attend her bail hearing, which was scheduled for the following day in Birmingham. I investigated the situation, the Home Office apologised and said that a mistake had been made, and the bail hearing was reinstated for a few days later. Unfortunately, refugee organisations tell me that such instances are not rare. They happen all too frequently to be put down to an administrative mistake.

I shall not repeat to the Minister the embarrassing conversation that I had with an immigration service official one evening when I was investigating movements around the detention estate. When I asked why a woman was being moved, the reply was, "Reasons? We don't need to give reasons." That betrays an unacceptable attitude to detainees. The carelessness of the way in which they are treated is wrong. Accordingly, will the Minister do everything in his power to ensure that such attitudes are corrected and people are treated properly? Even if tough decisions have to be made, a degree of respect is necessary for those who, having committed no crime, are under lock and key in our country. We have allowed that situation to continue.

Patrick Hall: Although the majority of the women at Yarl's Wood whom we met recently said that they had been there or elsewhere on the estate for about four weeks, we came across people who had been detained for between four and eight months. Does the hon. Gentleman agree that it would be in everyone's interest to detain people for much shorter periods?

Alistair Burt: I agree. The hon. Gentleman has that right. Arrangements cannot always be made to dispatch people within a few days—that was what Yarl's Wood was first set up for—but one has to wonder why they are held in detention for a month or longer. I do not understand why they are not allowed to continue their normal business. Perhaps the cases of some of the people who have been in detention for a long time could be reviewed by the Minister. I would be grateful if he would comment on that.

Peter Bottomley (Worthing, West) (Con): Does my hon. Friend agree that it would be a good idea for the Minister to indicate whether we might have joined-up government on this subject, and whether we might have a Home Office and a Foreign Office Minister attend future debates so that MPs who are rightly concerned about the situation of Zimbabweans in Zimbabwe and in Britain can question both parts of the Government? We cannot have a clean look at the issue by pretending that it is just a Home Office matter or by talking only about the pressures that the Government are trying to put on Zimbabwe to get it back on to a better course.

Alistair Burt: My hon. Friend makes an excellent point. It is perfectly plain that the relationship between the Foreign Office and the Home Office must be close. There must have been discussions between the two Departments. Indeed, there have been rumours in the press that the Home Office and the Foreign Office are not as one in respect of the decision to return people to Zimbabwe. It would be interesting to have both Ministers available for questions at the same time.

[Alistair Burt]

Mr. Bayley, you have been generous in allowing the situation in Zimbabwe to be included in the terms of the debate. It is a fundamental aspect of the decision of the Home Office not to reimpose the moratorium. I hope that the Minister will take note of what my hon. Friend said, and perhaps a joined-up debate might be possible.

John Bercow (Buckingham) (Con): Does my hon. Friend agree that the importance of what my hon. Friend the Member for Worthing, West (Peter Bottomley) said is underlined not least by the statement in June by the Home Secretary and by his speech on Second Reading of the Immigration, Asylum and Nationality Bill last week? In that speech, he vaguely referred to procedures for monitoring as best as one could the safety of those who are returned to Zimbabwe and other countries with similar problems, but his statement was studious in its ambiguity and lack of specificity.

Alistair Burt: I absolutely agree. My hon. Friend makes a valid point. Colleagues will refer to the situation in Zimbabwe and the inadequacy of the monitoring procedure. The issue is the balance of risk. In a sense, that is at the heart of this debate. Where is the risk in the situation, and who bears it?

The number of people who apply for asylum from Zimbabwe—or who have escaped to other countries—particularly Malawi—in order to come here to apply for asylum is not terribly high. The risk that the Minister and the Home Office accept in reapplying the moratorium is that the pull factor might be reintroduced. Our argument is that the pull factor is low and it is better for the Government to bear that risk than to return people to Zimbabwe. The risk of damage to those people in Zimbabwe is substantially greater than the risk currently carried by the Government. The absence of an effective monitoring system—not through any lack of will, but purely through the circumstances pertaining in Zimbabwe—makes the risk to individuals rather greater than the risk faced by the Government.

Mr. Andrew Tyrie (Chichester) (Con): I am pleased that my hon. Friend secured this debate. Does he agree that the mark of a civilised society is an adequately functioning asylum policy and that, all in all, we certainly do not have one at the moment? That is illustrated by a case, of which he is aware, of my constituent, Miss Tande, who has just been instructed that she must make immediate arrangements to leave, even though what I consider to be almost overwhelming evidence has been put forward to demonstrate that she will be at risk if she returns. A former senior assistant commissioner with the Zimbabwean police has said:

"it will be self-deceiving to believe that it is safe for you to return."

Alistair Burt: My hon. Friend is right to raise that case. As he would suspect, and as many of us here know, it could be replicated a number of times. I know that other colleagues will wish to draw attention to it. The security of our asylum policy depends on both us and the outside world seeing it as just and decent. The problem is that it is being undermined because of the situation in Zimbabwe and the Government's decision. For the asylum policy to be re-established in all our minds as safe and secure, an urgent reappraisal of Zimbabwe is necessary.

To bring things up to date, as the House will know, a decision was made last Thursday by the Home Office that, pending the resumption of the judicial review hearing by Mr. Justice Collins on 4 August, there will be no further removals to Zimbabwe. Although I am grateful for what is obviously a common-sense decision, which would, in any case, have been enforced by the courts—I cannot see any judicial review of the case of any asylum seeker who is due for removal failing before 4 August—I think that the move is a grudging one. It is also wrong. It is not for the courts to make a decision about whether it is safe for the Home Office to return people to Zimbabwe; it is for the Home Office, the Foreign Office and the Government to make that decision. It cannot be right for the Government to hide their embarrassment behind the skirts of a judge's cloak before taking decisions on returning people, bound, in every sense of that word, to Harare.

I ask the Minister to say that he need not wait for the decision on 4 August and that he is going to reimpose the moratorium and stop people being returned to Zimbabwe for the period of time that it takes for that country to return to normal. Then, those people we have been visiting, who we know want to return to Zimbabwe, will have the chance to do so. They will be safe. The Government's asylum policy will be safe and perhaps the country's reputation for justice and decency will have been restored after the knock it has taken over the past few weeks.

Several hon. Members *rose—*

Hugh Bayley (in the Chair): Order. It may be helpful to colleagues if I say that I intend to start the winding-up speeches at 10.30 am. There are six Members seeking to catch my eye. If they were all to speak for an equal time, that would give them five minutes each.

9.59 am

Kate Hoey (Vauxhall) (Lab): I congratulate the hon. Member for North-East Bedfordshire (Alistair Burt) on securing this Adjournment debate and also on the fantastic speech that he made on the Immigration, Asylum and Nationality Bill. It was one of the best speeches that I have heard in the House of Commons.

I want to carry on from where the hon. Gentleman has left off and first of all challenge the lifting of the moratorium last December. The Foreign Office annual report on human rights, which came out in November 2004, says that the human rights situation in Zimbabwe remains in crisis. There are ongoing violations of human rights, including the stifling of opposition, police abuse, torture and absence of freedom.

That report came out a month before the moratorium was lifted. It seems to me that the only reason it was lifted is not the situation in Zimbabwe but the Home Office deciding that it needed to get its statistics down. The Zimbabweans have, on the whole, reported diligently when asked to. Some have been reporting weekly—sometimes daily—for more than two years. It seems that they were the easiest group to pick off. I hope that the Minister will assure me that that is not the case.

What other justification can there be for sending people back to a country that is now in a much worse state than it was even last November when the report stated how bad it was?

I do not want to repeat all the things that I said in my Adjournment debate in the House following my visit to Zimbabwe, but I will say that it is clearly a much more sinister country than it was even last year. It is a country in which people are fearful about everything. Every aspect of their daily lives is monitored. There are security officers everywhere.

It is ridiculous to think that we can send people back to Harare on a plane from London and that the Central Intelligence Organisation will not be there waiting to receive not only the deportee but, usually, the Home Office officials who were sent to escort them. The first thing that happens is that the person is detained and questioned. We have evidence of that. The Minister and the Home Secretary talked about needing evidence of people being treated badly after being sent back. I challenge the Minister on how he expects that evidence to be provided.

The Home Secretary, perhaps intending to talk about all countries, talked about non-governmental organisations being the eyes and ears of the Government. What a shocking thing to say about Zimbabwe. The NGOs are under huge attack. They are terrified that they will be kicked out, and the idea that they are going to go round finding out what is happening to individual detainees who have been deported and then report back to the British high commission is nonsensical.

It is nonsense to think that an asylum seeker who has been sent back, beaten up, tortured and perhaps left to die—as some have been—will get up, dust themselves down and trot off to the British high commission to say, "Oh, British high commissioner, I've been badly treated and you sent me back." I do not believe that the intelligent officials in the Home Office believe that that will happen. We must put a stop to the deportations.

I have never been a great fan of lawyers, but, after the last three or four weeks, I must say, "Thank goodness for lawyers in this country". I will not use the word "brave", but we have had some forthright lawyers who have tackled the issue head on. Yes, politicians who make representations about particular Zimbabweans get listened to. We occasionally manage to stop someone being deported, but in the end it is the courts that have stopped it happening and forced the Home Office to stop deportations until 4 August.

I tell the Minister that, even if something goes wrong in the court case on 4 August and a permanent stop is not put on deportations, every single asylum seeker who is to be deported to Zimbabwe will be fought over tooth and nail in the courts. How much has been spent in the last month on the ridiculous attempts by the Home Office to send their senior officials to court to try to force people to be sent back to Zimbabwe, when they must have known that there was evidence that would stop those deportations?

John Bercow: I strongly agree with what the hon. Lady is saying. Does she agree that even if the NGOs in Zimbabwe were not terrified and could gather and transmit information, it would not be their responsibility to do so? Is it not the responsibility of Governments who remove people to ensure that they are safe where they have been removed to? It is a classic case of buck-passing.

Kate Hoey: I absolutely agree with the hon. Gentleman. Of course, he visited Zimbabwe the year before last and knows quite a lot about what is going on. I remind hon. Members that the Prime Minister last week talked about "the abhorrence" that we feel for what is happening in Zimbabwe. Who is speaking for the Government? Which part of Government is making the policy? The Prime Minister clearly feels that the situation is abhorrent, and yet somehow people continue to be sent back.

I want to raise the case of Naison Sani, who is being deported to Malawi tonight. He is a Zimbabwean, and that is another complicated issue. The Home Office refuses to listen. Many people, including Crispen Kulinji, did not travel here on a Zimbabwean passport. The only way in which this young man, Naison Sani, could get out of the country was on a Malawian passport. He is being deported tonight and has not had proper legal advice. The Minister will get a legal representation later today, and I ask him now to stop that deportation and to look separately at the question of people travelling on Malawian passports. They are Zimbabwean—the Home Office knows that. In cases such as that of Crispen Kulinji, the Home Office knows that they have been tortured; it still sends them back to Malawi.

I want to raise how we treat people in detention. I have visited Harmondsworth twice in the past three weeks. The second time was on 7 July, late in the afternoon, when I went to see two of the asylum seekers who had been on hunger strike for some time, Timbha Mqhubeli and Harris Nyatsanza. Both were in the medical wing and in a weak condition, particularly Timbha, who had been on hunger strike for nearly a month. He was very weak indeed. I said to the person in charge, "Why has he not been taken to hospital?" They said, "Oh, well, our doctor comes in every now and again"—I think that that was the phrase he used—"and at some stage he will say he should be taken to hospital."

We went back that night and got permission from the two of them to say that they wanted to see an independent doctor. Frank Arnold went in the next morning, saw them and immediately said that they should both be in hospital. The immigration department still refused to send them, and they had to go to court to get a ruling. That afternoon, at the last minute, while they were in court—presumably while the Home Office was still paying huge costs—the department agreed that Timbha could go to hospital that evening. Harris's case had to go back to court the next morning, and in the meantime the Home Office agreed that he, too, could go to hospital.

Timbha was sent across London in an ambulance, handcuffed the whole time, with three people guarding him. He arrived at the hospital, where, one of his Zimbabwean friends called to tell me, he continued to be handcuffed in bed. I phoned the detention centre at Harmondsworth and the man who answered said that they would look again at the security advice. He rang me back 10 minutes later and said, "We have looked at the security advice; we can take the handcuffs off and remove one of the wardens." Two wardens remained.

[Kate Hoey]

The next morning the two wardens said that they had been told to sit at the foot of the bed and watch everything that that young man did. He could not do anything anyway—the idea that he was going to abscond! The doctor is making a formal report, because the detention centre manager had insisted that the patient be handcuffed in the ambulance and stay so after the delivery to hospital. That is despite the fact that the detention centre rules state:

"The purpose of handcuffing detainees is to reduce the risk of . . . absconding",

as well as a list of other things. They also state that handcuffs should not be used

"On detainees attending for medical treatment if the detainee's medical condition renders handcuffs inappropriate"

and

"When a doctor so recommends on health grounds."

A doctor had done so, and when he contacted the centre manager he was told that it was because the recommendation had not been made by the centre doctor. However, the first doctor had tried to get hold of the centre doctor.

I know that I have gone into detail on one particular case, but my experience in dealing with these cases over the past three or four weeks has shown the shocking state of what is going on in detention centres. I urge whoever chairs the Home Affairs Committee—I cannot remember who it is—to suggest an inquiry into detention centres. These are huge issues that affect all asylum seekers, not just those from Zimbabwe.

John Bercow: I think the hon. Lady has in mind the right hon. Member for Southampton, Itchen (Mr. Denham).

Kate Hoey: Yes, all of us who have been involved in this matter will be writing to my right hon. Friend. Terrible things are going on in our detention centres. Zimbabwe is a special case; we have a particular responsibility for what is happening there and we have not done nearly enough.

Last week, New Zealand announced that all Zimbabweans who had managed to get to New Zealand would be allowed to stay. We are a much bigger country than New Zealand in terms of our economic power; if they can do it why cannot we? Every Zimbabwean I have met has been well educated and is capable of working and contributing to our economy—Timbha and Harris were teachers. They all want to go back to Zimbabwe but, because of the situation there and because they have been in detention here and the British Government are sending them back, they all risk being "lifted" when they arrive, whatever the Home Office says. If the Home Office says that it wants evidence of that, it means that it wants to see a dead body. I find that shocking, and I hope that this debate will highlight what is happening in Zimbabwe.

I plead with the Minister not simply to go along with the officials and the statistics, but to stand up, ask that the moratorium be reinstated and treat these people with the dignity and decency that they deserve.

10.11 am

Patrick Hall (Bedford) (Lab): I will do my best to cut what I have to say so that I keep as near to five minutes as is possible, which will be difficult.

I congratulate my constituency neighbour, the hon. Member for North-East Bedfordshire (Alistair Burt), on securing the debate and on the measured way in which he presented his case. I visited Yarl's Wood twice recently on 8 and 15 July to meet the Zimbabwean female detainees who were due for removal, some of whom were on hunger strike. I met 16 women and formed a definite view that some of them were very politically aware. They were able to answer our questions from all sorts of angles and could only have come to that position, and developed that political awareness, by being politically active. Their fears of reprisals on return to Zimbabwe seemed to be reasonable.

There is no doubt that conditions in Zimbabwe are appalling and deteriorating. There is a rapidly growing danger for anyone who is, or is suspected of being, a critic of the regime and its leader. I have information from Zimbabweans living in Zimbabwe now who recently visited Britain for family reasons and whom I have met through mutual friends. These Zimbabweans are white, middle-class professionals who have never been politically active in Zimbabwe and are not members of any political party. For obvious reasons, I will not identify them, but I thank them for allowing me to refer to their views. I should like to have cited some of their experiences of day-to-day life, but I will not have time to do so.

In a nutshell, those people described a situation in which hundreds of thousands of people in Zimbabwe are at risk—that includes anyone speaking out against the regime, members of trade unions, members of NGOs, political opposition party members, of course, and groups concerned about the mass starvation, mass unemployment, house clearances and farm invasions. The risk is of death threats, of physical intimidation, including murder, of poisoning and harassment of all kinds. Telephone and e-mail tapping is the norm. People are followed by agents and others and subjected to repeat prosecutions for minor and bogus offences, such as blocking the pavement. They are held at road blocks and police stations by the police, the army, war veterans or ZANU-PF youth militia. The people I met cited examples of day-to-day harassment, which perhaps I shall be able to explain to the House on another occasion.

My friends—I do call them that—are clear about the risks that returned failed asylum seekers face. Whether or not those individuals were political activists, the very fact of them having sought asylum from the regime is seen as bad enough in the eyes of that regime; having sought asylum in Britain, of all places, is even worse. Anyone seeking asylum from Zimbabwe in white colonial Britain will be judged a traitor and deemed guilty, so the enforced returnees are regarded as political enemies by ZANU-PF. Of that my contacts have no doubt.

My contacts believe that returned detainees are routinely targeted. If they return to Harare on their own they are targeted at the airport by the Central Intelligence Organisation and are likely to be tortured,

beaten up, held and dumped somewhere miles away, perhaps some days later. If they are met by large numbers of family and friends they will be targeted later, unless they go into hiding. Their families will be punished, especially if they live in rural areas where control by chiefs is strong.

Actions against them can result in losing the ability to buy food from the grain marketing board or losing access to the politically motivated food distribution system that operates in Zimbabwe. Children can be excluded from school as a punishment and Government employees can lose their jobs, be demoted or moved far from their homes at great personal inconvenience.

Of course, among asylum seekers from anywhere—including Zimbabwe—a proportion will be economic, rather than truly political in their motivation. However, surely the question before us is whether, whatever a person's reason for coming to the United Kingdom, it can, in all reason, be judged safe for any failed asylum seeker to be returned. The situation in Zimbabwe is well understood, and I do not understand how the return of failed asylum seekers to Zimbabwe, which is current Government policy, squares with what they themselves acknowledge. My right hon. Friend the Home Secretary recently spoke in a statement about understanding the nature of the Mugabe regime, the abuses of human rights, the political persecution, and the denial of basic freedoms across the board, yet the Government still insist that it is safe to return failed asylum seekers to Zimbabwe.

I ask my hon. Friend the Minister to think again. In his statement to the House on 27 June, the Home Secretary said, among other things, that there were

"no substantiated reports of mistreatment on return",

that the Government would keep

"in close contact with civil society and opposition parties in Zimbabwe"—[*Official Report*, 27 June 2005; Vol. 435, c. 1023.],

and that a detailed review of the situation in Zimbabwe is taking place in the Government here.

On the first point, I agree that it is very difficult to obtain such evidence. Yesterday I spoke on the telephone to a Zimbabwean Member of Parliament who told me that no information is made available in Zimbabwe about failed asylum seekers being returned from the UK. Therefore, what happens to them cannot be measured. It is not reported.

However, the CIO has several offices at the airport in Harare. That organisation in the rest of the country takes part in and incites beatings and torture, and the dumping of people out in the bush. That is how it behaves. If it has officers at the airport, what must we think they are doing there? They threaten families and make people think carefully about complaining about what is done to them. Those people are more likely to go into hiding and keep quiet.

As a result of the way in which the regime operates, the definitive proof of ill treatment that the Government seek is unlikely to be obtained. However, I contend that on the balance of probabilities, returnees are highly likely to be at risk. Where does my hon. Friend think that the balance of probabilities lies? Where is his evidence that it is safe to return anyone to Zimbabwe?

As to the Home Secretary's other two points, what picture is the Minister receiving from people on the ground in Zimbabwe? Given the grave urgency of the situation there and the situation facing people in detention here, when will the detailed review referred to by the Home Secretary be completed? The parliamentary recess begins this week. When will the House have the opportunity to debate the outcome of the review and its consequences? Zimbabwe is on the brink of utter disaster. I urge the British Government to do the right thing and cease enforced removal to Zimbabwe until further notice.

10.20 am

Mr. Graham Stuart (Beverley and Holderness) (Con): I congratulate my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) on securing the debate. It is invidious to pick out individuals, but I congratulate the hon. Member for Vauxhall (Kate Hoey) not only on keeping the subject at the top of the agenda but on speaking so powerfully about it. We have to be aware that Home Office Ministers have been under almost unprecedented pressure, and that must filter down to their officials. Perhaps the toughness of life in the Home Office over the past few weeks explains the inability to adjust to the emerging facts. As hon. Members said, it is not easy to run an asylum system in which there must be a balance between controlling economic migrants and people's desires to better their lives with the popular wish within this country for strict controls and asylum being given strictly to those most in need. It is not easy.

However, it is not denied that children are being deliberately bulldozed to death in Zimbabwe as a matter of Government policy. The Prime Minister recognises that the situation is abhorrent, and at the end of June the Home Secretary said:

"There is no doubt that political persecution, abuses of human rights and denial of basic freedom persist in Zimbabwe".—[*Official Report*, 27 June 2005; Vol. 435, c. 1024.]

He then went on to say that we are going to carry on sending people back there. It is not possible to align those statements and come to a conclusion.

On the train this morning, a senior business man said to me, "What is going to happen? Surely nobody is suggesting that we should send people back to Zimbabwe. Not now, as things are deteriorating all the time." I said that yes, that is the case, and a Minister will, under a lot of pressure, tell us why it is acceptable to send people back to a blood-stained tyrant such as Mugabe, in the full flood of his abuse of power. That is the invidious job that someone will have this morning.

It is all about the balance of risk. That is why I asked the Home Secretary to reverse the evidential test. That test should not be for people to show that they are coming to harm, but for the Government to show that people will not come to harm. That is the nub of what we are discussing today, about which hon. Members from all parties feel so passionately. We hope that there will be a change of heart, if not in today's debate, then as part of the process by which the Government recognise the situation and change their tack.

I should like to raise the case of Ashleigh McMaster, the daughter of a constituent of mine. Gary McMaster's farm in Zimbabwe was confiscated and he was branded an enemy of the state. His daughter applied to university and was told that she would have to join the National Youth Service before she would be allowed to go. The level of abuse within that service, including allegations

[Mr. Graham Stuart]

of rape and other atrocities, is well known so, understandably, she did not wish to go into it. Mr. McMaster flew to Zimbabwe to try to get his daughter out, and was forced to use bribes to obtain a passport to get her into this country. That was two years ago. She is now 19, and is a bright young woman, but is in a highly nervous state. Her first application to remain was turned down, so she went to the adjudicator, who said:

"I have concluded from the objective evidence that there is a real risk, irrespective of whether the Appellant applies for further education, of the Appellant being forcibly recruited into the National Youth Service and thereby of course subjected to gross cruelty, rape and beatings".

That was the adjudicator's decision, which was then overturned on appeal by the Home Office. Gary and his daughter will be coming to Parliament later today, and I am grateful to the Minister, who has agreed to speak to me, when we can grab a moment, to discuss her case.

The recent death of the former Prime Minister, Edward Heath, raises an interesting reminder of one of the most distinguished acts of his political career. When the Ugandan Asians were being afflicted by Idi Amin, he took the politically unpalatable and difficult decision to admit them here, as was right and proper to do in the proud traditions of this country. Those traditions will be best served by the Government and the Minister having a change of heart, and refusing to allow anyone to be returned to Zimbabwe at the moment.

10.25 am

Annette Brooke (Mid-Dorset and North Poole) (LD): I start by congratulating the hon. Member for North-East Bedfordshire (Alistair Burt) on his clear and reasoned statement describing both the current situation and a possible way forward.

Back in January 2002, deportation was suspended owing to unrest in Zimbabwe. I say to the Government that I am really haunted by the unanswered question of what difference between the situation then and in November last year could possibly justify the recommencement of returns. That is just as true of the period since November. Surely no one could describe the situation in Zimbabwe as having improved.

I congratulate the hon. Member for Vauxhall (Kate Hoey) on raising these issues in such a timely way. Her points were well argued and related to the situation of the people, as well as the mechanisms that are failing so badly. In an Adjournment debate on 27 June, she gave a harrowing description of her recent visit: the destruction of homes, businesses and the economy, the continued abuse of power and the escalation of brutal activities. That is the background to today's debate.

I shall refer to a particular case, while making some general points. The case is that of Tendai Williard Chinhanhu, whom I shall refer to as Williard. Until last week, he was in Harmondsworth detention centre, where he had been since February 2004—a considerable time to be held somewhere when no crime has been committed.

I see two strands to Williard's case. I find it difficult to understand why he was not granted asylum seeker status in the first place. When I read the statement made by the Home Secretary in the House, I found it quite reassuring:

"In particular, members of the opposition in Zimbabwe or others who establish that they have engaged in activities that will cause them to be persecuted by the Zimbabwean Government will continue to be granted asylum."—[*Official Report*, 27 June 2005; Vol. 435, c. 1023.]

Why were some of these people not granted asylum? Did they have adequate legal representation?

We then come to deportation. The hon. Member for North-East Bedfordshire demolished the pull factor argument that everyone would come flooding in if we had a blanket suspension of all removals. We must not get distracted by that type of argument.

To return to the case of Williard, interestingly, he is a runner and might have become an Olympic champion in other circumstances. He met members of the Movement for Democratic Change when he was running in other countries, such as Holland and Germany. He agreed actively to oppose Mugabe and began organising help to evacuate families from farms around Harare. He explains:

"Mugabe's men would come and destroy these farms and they would be carrying guns, while we were only armed with sticks and bows and arrows . . . I saw some families killed, men and women, some of them had even been decapitated . . . They destroyed my house, burning everything and harassed my lodger. I went to the police but they refused to do anything".

Williard went to his father's house—his father was eventually killed—and then he fled to London. He has spent some time in my constituency while in the country, and was an active and supportive member of Poole Runners until his detention. In one of his statements, he says:

"All I know is I cannot go back because I will not be safe. They will be waiting for me at the airport and I will disappear."

I cannot express the situation any better than that, which is why I am using this individual case.

At the time of the election we all became aware of the heightened sensitivity surrounding asylum and immigration. The negative campaigning had an impact. I come from an area where there are relatively few asylum seekers, but it was a huge issue on the doorstep, perhaps because people did not have day-to-day meetings with asylum seekers. I was proud to stand on the doorstep and say that this country has a wonderful reputation for taking in persecuted people and looking after them. It is a proud tradition that we should continue and pass on to young people, and, yes, we should also sort out all the administrative problems facing the Government.

Not surprisingly, I have received a lot of representations about this very popular runner, several from young people. I want to convey an idea of the effect that the Government's action is having on the attitudes and beliefs of the next generation. A 15-year-old told me that until now he did not believe that in a modern country people could be sent to their death bed. Another writes:

"I am writing to you because of Williard Chinhanhu and I am in fear of his life. I do not want him to be sent back to Zimbabwe because there is a possibility that he will not make it there for very long.

If there is absolutely anything I can do to help stop Williard from being deported I would do it. I may only be 14 and there isn't much a 14 year old can do, but I want to try."

A 13-year-old writes:

"I don't believe that Williard will be safe if he has to return to Zimbabwe. His family have been killed and because of the current situation in Zimbabwe and the fact that he is opposed to Robert Mugabe's regime and was a member of the Movement for Democratic Change, I think his life will be in danger if he returns."

I have received many comments from adults, but those from youngsters are the most moving. They show what our country is about; they show its future.

I ask the Minister what evaluation has been made of the deteriorating situation. What is preventing the Government from realising that the current policy is inappropriate? Why are we relying on the courts? We are told that individual cases are being looked at, but in how many have the Government decided to defer deportation? Does the Minister acknowledge that there are some failed asylum seekers in this country who, if returned, could face persecution for the simple reason that they applied for asylum from a regime that would not consider their rights if returned? I repeat an earlier question: what monitoring is taking place so that the Government can say, hand on heart, "Of course it is safe to be returned"? Surely it is not safe.

Another telling point was made. What message are we giving to Mugabe and his regime if we say that it is perfectly safe to return there? I find that incredible. On behalf of my former constituent—I know that he is staying somewhere else and dutifully reporting in at the moment—and all the other Zimbabweans in this country, I call on the Government not to wait for the court's decision, but to reintroduce the suspension of the deportations as soon as is practical.

10.33 am

Mr. Humfrey Malins (Woking) (Con): I join others in saying that this has been an excellent debate. I congratulate my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) not just on the way he has spoken today, but on his truly outstanding speech on the Second Reading of the Immigration, Asylum and Nationality Bill a couple of weeks ago. I am grateful to all who have spoken today, particularly my hon. Friend the Member for Beverley and Holderness (Mr. Stuart) and the hon. Member for Bedford (Patrick Hall).

It was about 14 years ago that the hon. Member for Vauxhall (Kate Hoey) and I were on a parliamentary delegation to Zimbabwe. I came back from that visit optimistic and hopeful; I thought that Zimbabwe had a great future, although there were obviously worries. Those worries have increased over the years. We are grateful to the hon. Lady for her comments today. For many years she has taken an interest in Zimbabwe and the House owes her a debt of gratitude for her work and commitment. As I said, I was a little worried when I returned from Zimbabwe 14 years ago, but I am much more worried today. The whole House is worried. I cannot find an hon. Member who is not concerned about the position in Zimbabwe.

During the past few weeks many of us have written to the Foreign Secretary following representations from constituents. The reply stated:

"We are fully aware of the appalling situation in Zimbabwe and share"

your constituent's

"concerns. The latest crackdown by the authorities . . . is an outrage. It has led to over 30,000 arrests and the wanton destruction of thousands of homes affecting over 200,000 people, many of whom are left homeless. However, this is typical of the actions of a regime that for five years has pursued disastrous policies backed by brutality and intimidation resulting in a broken economy, food shortages and enormous suffering."

Patrick Hall: Just to add to the hon. Gentleman's point about the house and shelter clearances, my sources have told me that that policy is moving into the affluent suburbs, where officials are harassing people about, and removing, garages, garden sheds and satellite dishes. It is all part of turning the screw on people and putting them under pressure.

Mr. Malins: The hon. Gentleman is absolutely right. My understanding of what is happening is exactly as he portrayed it. Yet there is a sense of helplessness in the House. What can we do to change Zimbabwe's awful regime? I believe—I think I speak for many of us—that it must be confronted head on. I hope that the EU can take tougher action and impose tougher sanctions, perhaps widening them to freeze the assets of those who bankroll Mugabe. The Government could consider taking the Zimbabwean Government to the United Nations Security Council and proposing a resolution to send UN observers to Zimbabwe to monitor not just food distribution, for example, but returned asylum seekers. There is a need for us in this Parliament and the Government to become even more involved in trying to improve matters there.

As some colleagues mentioned this morning, many asylum seekers from Zimbabwe have come here over the years. Some 15,000 came between 2001 and 2004, although the number has fallen this year. We are all interested in the fate of failed asylum seekers who have been returned to Zimbabwe. We know that some 95 were returned between January and March this year. Looking back at the number of applications from Zimbabwe for asylum in this country over the past five years, it is plain that many were refused. It is also plain that a huge proportion of those who failed in their claims were not removed from this country and must still be here. One of our concerns should be their distress and worry about the present uncertain policy and about what might happen to them in the middle of the night if an official chose to lift them and remove them.

The 95 who have been removed in the past few months are of great concern to us all, and I hope that the Minister will go into detail about his knowledge of what has happened to them and to others who were removed from this country earlier. Is he aware of any cases in which a failed asylum seeker has returned to Zimbabwe to face death, torture or other brutality?

That brings me to monitoring—having people on the ground in Zimbabwe to find out what is going on and, in particular, what may be happening to some of the failed asylum seekers who have been returned—and how the Government get their information. We know about the

[Mr. Malins]

regular country reports that are produced. Some of us over the years have wondered about the standard of those reports, but we know that the report in April about Zimbabwe documented serious human rights abuses, and that the position has got much worse since then.

The hon. Member for Bedford referred to the campaign that has been going on for a while in Zimbabwe, which I think translates as "drive out the rubbish". It has involved forced evictions, terrible destruction and a motivation that many of us believe to be extremely suspect. The motivation is political and not, as Mr. Mugabe would have it, the restoration of sanity and order in urban and other areas through a cleaning-up campaign. We do not think that is what it is at all.

Others have referred to the numbers affected by that appalling campaign. According to the Department for International Development, a third of a million people were affected. However, the hon. Member for Vauxhall said to the House that up to 1 million people may have been displaced.

We had a no-removals policy. I remember very well when it was introduced. At the beginning of 2002, the then Home Secretary, now the Secretary of State for Work and Pensions, introduced the policy of not returning failed asylum seekers to Zimbabwe. I was part of the shadow Home Affairs team then, and I remember that in discussions with him, he approached the matter sensitively and properly.

Incidentally, I say to the Minister that the Government have approached the matter sensitively, and there is more unity than political division between us in the sense that I hope to goodness that we are all seeking the same ends. We supported the no-removals policy, but we were concerned when it was withdrawn at the end of 2004.

There are several examples of no-returns in our asylum system and removals policies over the past few years. I checked the records to find that, over the past seven or eight years, we have had a no-returns policy for a period in relation to at least a dozen countries, including, interestingly enough, Turkey, from July 1999 to December 2000. It is true that our Government have from time to time said to themselves that a policy change is needed, and that we shall have a no-returns policy. Changing the position back at the end of 2004 might, as was said earlier, have been thought odd, given that the situation in Zimbabwe hardly got better during that period.

The Home Secretary said last month that he had considered whether to reinstate the suspension of forced removals to Zimbabwe, but had concluded that there were insufficient grounds to do so. By then the position was getting acute, but the Home Secretary said:

> "The blanket suspension of all removals to any country can only encourage those who seek to get around controls for reasons nothing whatsoever to do with their political activity or fear of persecution."—[*Official Report*, 27 June 2005; Vol. 435, c. 1023.]

I do not think that over the years the Government have routinely monitored the treatment of those who have been returned. I recall, as the House will, the exchange in the other place between Baroness D'Souza and Baroness Scotland of Asthal about substantiated or unsubstantiated reports of ill treatment of individuals. I understand that the Refugee Legal Centre, among others, has evidence of the systematic abuse and torture of returned failed asylum seekers.

The level of concern has increased enormously in all parties over the past few weeks. Even now, there are large numbers of detainees on hunger strike. There are 70 or more applications before the High Court from people who are fighting removal. Only a few days ago, Mr. Justice Collins urged the Home Secretary to halt removals to Zimbabwe, pending the full hearing on 4 August. Following a case only a day or two ago, the Home Office decided to suspend forced removals to Zimbabwe until after 4 August.

I conclude with a few questions to the Minister. Do any other European countries have a no-returns policy? Can he tell us a little more about how the Zimbabwe issue affects asylum seekers in other European countries? Do those countries have many applicants from Zimbabwe? What do they do with failed applicants? Do they send them back? Is the Minister in discussion with any European Governments on what they are doing as regards a no-returns policy? Can he please try very hard to set up a system for monitoring failed asylum seekers who have been returned to Zimbabwe? We need genuine information about the burdens and the brutality that they may face. Monitoring is a very important policy, because we just do not know what is happening to some people, although we fear the worst. Will the Minister please now reinstate the no-removals policy and not just leave us in limbo?

10.46 am

The Minister for Immigration, Citizenship and Nationality (Mr. Tony McNulty): Before I congratulate the hon. Member for North-East Bedfordshire (Alistair Burt), I caution the hon. Member for Woking (Mr. Malins), who speaks for the Opposition. There are no hunger strikes at the moment and there is no uncertainty about policy—a point that relates partly to the purpose of the debate. Clearly, many hon. Members want to change policy, but, with the greatest respect, I would not go around confusing things or throwing into the pot things that simply are not facts.

I congratulate the hon. Member for North-East Bedfordshire not only on securing the debate—that is customary—but on the nature of his contribution. These are emotive and sensitive issues, and I thank him for his kind words about my officials and others. Without wanting to make this a mutual back-slapping event, let me return the compliment by commending him on his courtesy and respect for those involved, who are doing such difficult work. I may contradict those remarks shortly, but I make them with the best of intentions.

This is, and will continue to be, a very emotive and sensitive matter. I know entirely where the UNHCR stands on it, and it has made that very clear. It is entirely fair to put that in the public domain. I hope to come on to some of the generalities of our policy, but the time that I have might be better spent focusing first on some of the serious matters raised by individual hon. Members, in particular the hon. Member for North-East Bedfordshire.

The hon. Gentleman talked about escort services. He said that people were being escorted in vehicles, such as vans and cars, that were not equipped with CCTV, and I shall ensure that that ends. Indeed, I believe that it is ending and that the one contractor that still operates in that way is getting CCTV fitted. However, I shall write to the hon. Gentleman under separate cover to ensure that CCTV prevails and that it is the norm throughout all cases involving escorts. All the main contractors' vehicles are certainly equipped with CCTV, but, as he says, there are occasions when that is not the case.

I do not agree that we can go from admitting that there have been mistakes and careless acts within the detention estate to a broader, blanket condemnation of all that goes on in it. Detention is a key element of any asylum process. I profoundly disagree with the hon. Member for Chichester (Mr. Tyrie), who gaily slipped in, condemned our entire uncivilised asylum system and all who work in it, and then left. Although there are serious—almost life and death—issues to be addressed, they are not sufficient for any Member of this House to condemn the entire system and all who work in it because of errors or because they do not agree with a particular aspect of what we are doing. That is to malign public servants in a way that is beneath any Member of the House. I seriously traduce it.

The impression was given that maltreatment is the norm in our detention estate, but that is not the case. I would cheerfully welcome a detailed consideration of our detention estate by the Home Affairs Committee. Many dedicated, professional and committed people do difficult jobs, and it is not sufficient for any Member of the House to malign them on the back of one, two or more particular cases, however emotive.

Kate Hoey: Will the Minister give way?

Mr. McNulty: No, I will not. *[Interruption.]* I will come to my hon. Friend's points in a moment and may give way then, but I will not have the entire estate and the entire civil service body working within it maligned for some mistakes, carelessness, and—we have investigated this before—attitudes to asylum seekers.

Although it is a truism, I cheerfully state that people in our detention estate have committed no crimes. They are in detention for specific reasons, such as the fear that they will abscond, as a prelude to their removal, or because decisions on their cases will be made quickly. That is part of the system. They have committed no crimes, and are entitled to, and overwhelmingly receive, civilised and decent treatment. That is certainly the case in the parts of the estate that I have visited. Over the summer, I shall visit the rest of it. I happily undertake to raise with relevant officials whatever carelessness, mistakes and attitudinal matters need correction, but I suspect that they are limited and rare, rather than the norm, as has been suggested.

The hon. Member for North-East Bedfordshire asked about a missing memo. I say quite frankly that I have not seen it. I believe that it was generated from a local level. There has been no change in policy—I can say that with some integrity as I have been party to these matters throughout. In the first instance, some removals were deferred post-27 June, because we undertook to put in the final check specifically for Zimbabwe. The notion that removals were suspended for any specific reason, such as the G8 or any embarrassment that might be caused, simply is not the case.

Alistair Burt: I will leave a copy of the memo with the Minister. Will he write to me on whether there has been any inquiry into how that situation arose? I take his point that the policy had not changed at the time, but the memo obviously came from the Home Office, and clearly states:

"all Zimbabwean RD's need to be deferred until further notice."

How did it get written, and who sent it? We now know that it has no status, but the Minister cannot be happy that that sort of thing goes flying around in his name.

Mr. McNulty: I certainly shall deal with that in a letter because it is not the case. That sort of decision would have been taken by me or the Home Secretary, and it was not. I shall explore the matter outside our deliberations and I reiterate that there was no blanket suspension before or after G8 or any other event to save embarrassment or otherwise.

The hon. Gentleman asked for a debate on this subject with the Foreign and Commonwealth Office in attendance, but if a Minister from the FCO were also here, the hon. Gentleman would hear the same refrain. The rumours in the press are just that: rumours in the press. I do not know what happened to it, but there was an innovation whereby three, four or five Ministers lined up to answer questions and hold mini-debates with a thematic approach in this place rather than in the main Chamber. I do not know whether we still do that, but, again, I would welcome such a development.

As I said, we are not hiding behind the skirts of a judge's cloak because of our embarrassment. The hon. Gentleman knows that. This is what today's debate is about; our policy on enforced returns has not changed, but we respect the judiciary's position as set out in comments made by two judges, Collins and Ouseley, on enforced returns, and we will not force failed asylum seekers to return to Zimbabwe before the hearing on 4 August, at which we, and I am sure everyone else, hope for some clarity at the very least. Hon. Members will know, however, that failed asylum seekers continue to return voluntarily to Zimbabwe, and that there are voluntary and enforced returns among those on the non-failed asylum seeker route. I place that on the record for the sake of balance.

We were asked why we had taken the decision now when we said that the policy had not changed after Mr. Justice Collins's comments. We took our decision to respect the judiciary's position as set out in comments made by both judges. It was said that the judges were about to impose a suspension anyway. In a blanket sense, they were not about to do so. I suspect, as my hon. Friend the Member for Vauxhall (Kate Hoey) intimated several times, that a range of people would suspend legal and other activities by stealth until 4 August, which is entirely a matter for them. I intend to give way to my hon. Friend in a moment so that she can say something about that.

[Mr. McNulty]

We start from the premise that the asylum policy and returns must be based on the concerns, circumstances and all the other elements that relate to an individual rather than the collective.

Mr. Malins: Will the Minister give way?

Mr. McNulty: No.

Mr. Malins: Will the Minister give way?

Mr. McNulty: With respect, I have said no. I shall shortly give way to my hon. Friend the Member for Vauxhall, and then my time is about done.

My hon. Friend suggested that our policy is all about statistics and picking off easy targets in an attempt to secure Government policy. That is fundamentally not the case, and I assure her that no one will be returned to Zimbabwe or anywhere else on my watch simply for the governmental convenience of achieving a target. I totally resent her imputation that that is the case.

Kate Hoey: The Minister should not resent people questioning what many members of the public believe to be the truth, but I am sure that the House will generally welcome his assurance. Will he, however, get to the crux of the matter and say why the policy changed, and whether he believes that it is now safe to send people back to Zimbabwe?

Mr. McNulty: The policy is very clear. As my right hon. Friend the Home Secretary stated on 27 June and in a written statement thereafter, we do not concede the case for a blanket suspension of removals to Zimbabwe. We shall deal with each individual on their own merits and, in the context of the asylum system, we shall not remove people to Zimbabwe whom we consider to be under threat.

Mr. Malins: Does the Minister know what other countries, such as France, Germany and other EU member states, are doing about this?

Mr. McNulty: So far as I am aware, those countries have no significant numbers of people—if they have any at all—from Zimbabwe, so the matter does not arise. I shall get back to the hon. Gentleman if I am wrong about that. I will meet a range of Zimbabwean-related NGOs in the next week or so under the auspices of the Refugee Council.

My hon. Friend the Member for Vauxhall mentioned the case involving the use of Malawian passports. I have not had any representations about that. I understand that there will be no removals tonight, but I do need to see representations. It remains the policy that the focus is on the individual and that individual representations are judged on their merits. That is the most appropriate way to protect not only those who would be at risk, but the overall integrity of the asylum system.

Football-Related Violence

11 am

David Wright (Telford) (Lab): It is a pleasure to see you in the Chair in this Chamber, Mr. Bayley. I chose the title of the debate very carefully. I should put down a marker: I love football; along with politics it is perhaps one of my great loves. I am a patron of AFC Telford United, and I am very proud of the club and its traditions. It went out of business just over a year ago and has been taken over by a supporters' trust, which is doing fantastic work in the local community. The club sits in the constituency neighbouring mine, that of the hon. Member for The Wrekin (Mark Pritchard), but as I said I am proud to be a patron.

I shall focus on two themes in the debate. The first is the general issue of football-related violence and the second is an incident concerning one of my constituents, Mr. Jamie Turner, and problems that he encountered at a football match he attended in Southampton earlier this year.

We all know that football prompts great passion. It is a fantastic game and people get incredibly involved in it. It is our national game and we should be proud of it. There have been many studies of football as a social phenomenon. In 1981, the great anthropologist Desmond Morris wrote a book called "The Soccer Tribe", in which he considered football as an extension of tribal rituals that the human race has enjoyed over many years. The book is interesting because he talks about football as a "stylised battle", a process whereby communities come together to do battle with each other. That is fine on the pitch.

Social scientists have talked for a long time about the search for an identity through football. People say that we live in a world dominated by globalisation in which people feel increasingly remote from their communities; they find that football gives them a contact with their local community, with their town and with society around them. There is probably some truth in that and we should understand it, but if people are going to use violence as part of the process, they should search for their identity in a different way. It is okay for people to support their local club very passionately, but it is not acceptable for them to be violent in their support. We should be very clear that people who are violent in and around the environment of football are criminals, not football supporters, and should be treated as such.

Clubs are doing a great deal to root out the problem of violence at grounds. An awful lot has been done in the past 20 or so years following incidents such as Heysel. The bigger clubs have gone in for all-seater stadiums. CCTV is now prevalent in many clubs, right through the divisions. Indeed, the club that I follow, AFC Telford United, has CCTV fitted around the ground, even though it is in one of the lower leagues. We should congratulate football clubs on taking a lead on that and on matching up with other campaigns, such as "Kick racism out of football".

Often nowadays violence is displaced away from football grounds and into neighbouring communities, and many of those involved in violence have already been excluded from their football clubs for violent conduct at the ground. On match day, we sometimes see groups of men—predominantly young men, it has to be

said—floating around the ground and the environment near their club, looking or "cruising", as some of them call it, for trouble with opposing fans. We hear stories of groups of supporters e-mailing one another and using mobile phones and the computer network to set up pitched battles in locations near grounds. That has nothing to do with football any more. It is loosely associated with those clubs, which rightly distance themselves from such behaviour. It is a social phenomenon—a criminal phenomenon—in which groups gather to fight some form of battle connected with an honour for their community which is completely misplaced. I am sure that that view is shared throughout the House.

What I am describing can happen in football at all levels. It happens not only in top-flight football but throughout the structure. AFC Telford United played a friendly game against West Bromwich Albion on 9 July, and several supporters from, it is thought, Wolverhampton Wanderers turned up. They are not really supporters so much as people who associate themselves with that team. I do not think that they actually attended the match, but they caused a fight in a pub just outside the ground.

I can do no better than echo the words of the chairman of my club, Lee Carter, which appeared on the club website after the event. He said:

"The likelihood is that the people who were involved in the trouble did not attend the match. The match was a magnificent occasion attended by over 2,000 well behaved, true supporters from both sides. Each one of us who attended the match on Saturday should be extremely angry that a minority of mindless idiots have tarnished the name of football of AFC Telford United and of the whole town by acting no better than circus chimps outside the stadium. Essentially it was a public order offence but we shouldn't deny that the incident only occurred because there was a football match in town. We can't wipe our hands of the matter and if there is a way that we can prevent people who were involved from coming into the stadium we will."

That was a responsible statement from a club chairman: he did not deny that violence occurred because there was a football match in town; he acknowledged the problem; and he wants to work with the community and police to put things right. That is no more than I would expect from a club that is as well rooted in its community as AFC Telford United now is.

There was a game on the following Tuesday evening, 12 July, against Wolves, which went extremely well. After that game, Lee Carter had this to say:

"Everyone, press and public, who vigorously reported and promoted the trouble that occurred after the WBA game should do the decent thing and promote the true reality of football at the New Bucks Head. As on Saturday, over 2,000 well behaved, true supporters from both towns enjoyed a magnificent occasion in a stadium that is owned by a Trust and club that are committed to creating a family friendly atmosphere."

Again, he was quite right. It is interesting that that game did not receive coverage on the same scale as the game of the previous Saturday. No one wants to talk about football matches that go well, where everyone enjoys themselves. Of course, that is what happens at 99 per cent. of games in this country and around the world.

I do not think that we can apply a social science model, however attractive that may appear. We can use it to understand what happens when football violence occurs, but we cannot deploy it as a defence for criminal behaviour. We should never do that.

The Football Association is doing good work in this respect. It is committed to eradicating violent behaviour at football matches in England and matches involving England teams abroad. The FA is working in several areas domestically and internationally to achieve that goal. For example, it is working with the Government to explore ways of tightening the regime governing ticket touting, the unauthorised sale of tickets that is one of the main factors leading to hooliganism, undermining as it often does the segregation at football grounds. I support the FA in that and in seeking far harsher penalties for ticket touts who operate outside grounds.

In recent years there has been huge progress in preventing the hooligan element from following the England team abroad. I understand that only one arrest was made before, during or after any of the four games that England played in Euro 2004 in Portugal. I thought that our supporters did us proud there, and I hope that England fans will follow in that direction in future. That was in no small part due to work done before and during the tournament by the FA, the police authorities—I am sure that the Minister will want to comment on that—the Home Office, and clubs and other colleagues in Portugal, ensuring success both in the security arrangements and in the eradication of hooliganism.

The FA has started similar preparations for next year's World cup in Germany. I hope and expect that the England team will be followed by people who want to enjoy their football in that country. The FA is right to call for magistrates throughout the UK to ensure that football banning orders are applied consistently and rigorously and to take all relevant offences into account. We can stop trouble makers travelling abroad if the process is managed firmly.

I want the Minister in his reply to tell us about the Government's efforts to lobby for the Schengen border agreement to be suspended for the duration of the tournament, as it was in 2004. We need to control people who have a record of committing violent football-related offences and who may intend to travel to Germany.

The FA is working hard with outside agencies to promote diversity among England fans, which is most important. The profile of people watching England games is very different from that of 20 years ago, which is a good thing. We need to get more families and women involved in the game, to encourage a multiracial view of football and to get more people engaged across the board. I am pleased that the FA recently fined Millwall £25,000 following racist chanting by their fans at a Carling cup game last season. We must be tough on that kind of abuse.

We will hear more about police activity in relation to football violence in a minute, but I shall turn first to what happened to my constituent and friend, Jamie Turner, who is a Telford resident. Jamie and his wife Karen, who is also a friend of mine, run a successful IT business in Telford. Jamie, who is a Manchester United fan, was 46 yesterday. He has followed Manchester United all his life and goes to games with a group of friends who travel together and enjoy their football.

Jamie was assaulted by a gang of Southampton fans while on the way to the last game of the season on 15 May. He met some of his friends in a local park and they walked towards the ground; they crossed a main road

[David Wright]

and started to go through an estate. A number of individuals—I will not call them football supporters, because they are not; they are criminals—emerged from a local working men's club, or drinking club, and set about the group of supporters with baseball bats, with chair legs and, some have said, with metal bars. It was an unprovoked attack on a group of people who just wanted to go and watch a football match. To my knowledge, Jamie has never before been involved in trouble relating to football. Several of the supporters involved in the incident pleaded with those who attacked them to leave them alone, because all they wanted to do was go and watch the game.

Jamie tried to walk away from the incident and was attacked—he was hit on the head with a baseball bat. For a time I thought that Jamie would not reach his 46th birthday; he will have to live with the legacy of the incident for the rest of his life. His family have been incredibly strong in supporting him and they deserve our respect. Jamie was unconscious for a considerable time; he was in a critical condition in the intensive care unit at Southampton general hospital. I stress that the incident was nothing to do with real Southampton supporters because, I repeat, the people involved are simply criminals.

At the time, Karen said to the press:

"It appears that Jamie was ambushed totally at random by a group of people who were intent on causing trouble before the game."

That is an appalling scenario: a group of friends who have been watching football for many years travel together for the closing game of the season, sit in a local park for a few minutes and enjoy themselves before the match, then head off towards the ground, when somebody nearly kills one of them. It is incredible that that should happen to someone while they are walking to a football match.

The police have been painstaking in their work, and I know that Karen wants to pay tribute to them. She has not seen eye to eye with them on some of the things that they have done, but, all in all, she thinks that they have done an incredibly painstaking job in trying to resolve the matter. Many local people have bravely come forward to give evidence, although they must be scared. Witnesses are also afraid that they themselves might be branded as trouble makers, football hooligans or criminals. Such an incident can become a melee. Things move quickly and people try to get out of the way—they run in an effort to remove themselves from the situation. Events become a blur, and people cannot remember exactly what happened or who did what. The police are trying to focus on that problem.

Several people have appealed for witnesses to come forward and give further evidence. Bobby Charlton made that appeal on behalf of Manchester United. I hope that anybody in the Southampton area, any Manchester United supporter or any genuine Southampton supporter who knows what happened on that day will come forward and give further evidence to the police. We must catch the individual, or group of individuals, who committed this crime. Quite frankly, it is not safe to have them walking around on our streets. They must be brought to justice.

I close by asking the Minister to ensure that this case continues to have a high profile and that we will not rest until we find the individual or individuals who attacked my constituent and friend, Jamie Turner, when he went to Southampton to enjoy a football match with his friends. I am sure that the Minister will commit himself to ensuring that we continue with the inquiry and that we press as hard as we can to find the individuals involved in the incident.

Football is a great game. It is one of the great loves and passions of my life and the life of many people in our nation. It will always be a great game. We must ensure that we talk carefully about football-related violence, which has nothing to do with football, and never should have anything to do with it. Those who perpetrate it are criminals.

11.17 am

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I am grateful to my hon. Friend the Member for Telford (David Wright) for raising the issue of football disorder. As he made clear, substantial progress has been made in recent years, but there is still a problem. We cannot afford for a moment to be complacent about it. This debate gives me an opportunity to outline some of the initiatives that the Government have taken and continue to take to deal with it.

First, I want to say a few things about the specific incidents that my hon. Friend related this morning. I was aware of the appalling attack on his friend that took place in Southampton in May. Indeed, my hon. Friend and I discussed the incident soon afterwards. I assure him that my officials have maintained close contact with the Hampshire police throughout the intervening weeks.

As my hon. Friend indicated, the incident occurred before a football match between Southampton and Manchester United. He described the circumstances in which the attack took place. The police confirmed that the visiting group were chased through a nearby housing estate before two of their number were seriously assaulted. One of the attacks was on my hon. Friend's constituent and personal friend, who sustained serious injuries. Mr. Turner has been discharged from hospital, but his treatment will continue for some time. I take this opportunity to send the good wishes not just of myself but of the whole House to my hon. Friend's constituent for his sustained recovery.

The assault was serious, and the Hampshire constabulary immediately set up a major incident team to investigate it. I assure my hon. Friend, his constituents and their family that the inquiries are thorough and ongoing. I endorse the call that he made this morning: if anybody has any information that could help the police, they should come forward with it. I am not able to go into further detail about the police investigation, but I emphasise that Hampshire constabulary is wholly committed to bringing its investigations to a satisfactory conclusion. I know that everyone in the House fully supports the view that serious criminality of that kind cannot be tolerated for a second.

My hon. Friend also cited an incident that occurred the weekend before last. A small group of troublemakers who associate themselves with my hon.

Friend's football team, AFC Telford United, and with Wolverhampton Wanderers, attacked a public house in which visiting West Bromwich Albion fans were drinking after a football match. The incident resulted in one serious assault and three arrests, and it demonstrates my hon. Friend's point: football-related disorder can occur at all levels of football. I was shocked to find out that nine individuals who associate themselves with AFC Telford United are subject to banning orders.

In recent years, we have made great strides in dealing with football hooliganism. Incidents between groups of rival hooligan supporters still occur from time to time—we heard evidence of that this morning—but the problems are not of the same magnitude as they were. That is because the Government, police, football authorities and supporter groups have come together; they are intolerant of that besmirching of the name of football. We have found ways of working together to counter the influence of hooliganism.

As we know, the dynamic of football disorder is complex and fluid. It ebbs and flows in scale, and its character changes continually. We need to keep a clear eye on what is taking place. Football matches can be highly charged and passionate affairs, with raw emotion and community spirit holding sway. The potential for a minority of fans to exploit that opportunity to lose their discipline and self-control and pose a danger and threat to others is always there. It can never be a justification for violence.

Let us be clear that the scope for spontaneous misbehaviour in grounds has greatly reduced as a result of the improvements in ground structure and safety that have taken place. I pay tribute to football clubs and all those associated with football who have made that happen. My hon. Friend is right: today, football is a game with a much more diverse supporter base. More families and women attend and feel safe, secure and unafraid. That is a wholly good thing for the game and for the atmosphere in which it is played.

The appalling incident in Southampton demonstrates an important point: football disorder can be violent and can have serious consequences. These days, it is largely pursued away from the public eye and is, as my hon. Friend mentioned, dispersed from the immediate area of the football stadium. That is also a challenge for the police and one that they are ready to meet.

The House will be aware that, in recent years, there has been a major reduction in the numbers involved in football disorder. That has been achieved through a range of measures. The use of football banning orders has been fundamental, as has more effective public order policing. We have had a much more focused, intelligence-led police operation, which has helped. There has also been a discernible change in the attitude of football supporters. They are no longer prepared to be complicit in hooliganism, because they know that it is wrong and intolerable.

Domestic football disorder is rarely a major issue these days for crime statistics and the impact on local communities. It would not rate as the highest priority on a local policing agenda, given the other problems that the police face. During the 2003–04 season, the total number of football-related arrests, which includes any arrests that take place during the 24 hours either side of a match, was fewer than 4,000. That is 1.62 arrests per football match and represents a 10 per cent. decrease from the season before. That is a good and improving record. Data from last season will be published in the near future. I cannot confirm the figures, but all the indications are that progress is continuing.

Perhaps an even stronger indicator of the extent to which things have improved is the fact that about 25 per cent. of all premiership and Football League matches take place completely free from police involvement, which shows that the sport takes its responsibilities seriously.

We know the history, which goes back as far as Luxembourg in the 1970s. We remember the terrible events in Dublin in the 1990s, and in Copenhagen, Brussels and Charleroi in 2000, when we had a wake-up call telling us that something had to be done about football hooliganism. During the Euro 2000 finals in Belgium, 945 England fans were arrested and deported. It seemed at that time that England's future as a football nation was at stake. However, it gave us the impetus to do something. I am sure that all Members of the House will welcome what has been achieved since and agree that the reputation and behaviour of England football fans overseas has improved dramatically since our new strategy was introduced. This is shown by the significant reduction in the number of arrests of English people for football-related disorder during the European and World cup finals. As my hon. Friend said, compared with the 945 arrests in 2000, there was just one confirmed arrest during Euro 2004 in Portugal, an impressive achievement when 80,000 football fans travelled to Portugal.

The UK's efforts to minimise the threat also received public acclaim from UEFA, the Portuguese police and Government, the Independent Football Commission and the fans themselves. There were, of course, problems with drunkenness and disorder in the Algarve, but the Portuguese made it clear that that was not football-related disorder in the traditional sense; it was antisocial drunken behaviour of the sort witnessed too often in our high streets and some Mediterranean resorts. In Spain alone, more than 2,000 British tourists are arrested annually for drunken violence and disorder. That is a regrettable and disturbing trend, which the Government are working hard to address, but it is a wider social problem rather than a football-related one.

That success has not happened by accident. It is the result of a great deal of hard work by a number of agencies and the fans, as well as the comprehensive Home Office-led initiative born out of the terrible scenes that we remember from 2000. The legislation allowing football banning orders is fundamental to the strategy and gives the police and the courts power to prevent domestic football disorder and the export of the problem.

In the next few weeks, I shall place in the Library a detailed report on the impact of the legislation. The new laws are delivering on every front. The number of orders has risen dramatically since Euro 2000 when around 100 individuals could be prevented from travelling to Belgium. Today the number of banning orders exceeds 3,000. Indeed, the 10 per cent. reduction in arrests reported for the 2003–04 season was accompanied by a 45 per cent. increase in the number of banning orders.

[Paul Goggins]

The police can identify those people and take the appropriate steps to prevent them from travelling and thereby associating with football matches.

It is important to pay tribute to the effectiveness of public order operations by local police in suppressing the risk of football violence and in reassuring local communities. It is also important to pay tribute to football fans. They and their organisations, particularly the Football Supporters Federation, have played a major role in helping the police to combat football-related disorder.

I know that hon. Members share the widespread pleasure in what we have achieved in our national sport. We all like to participate in one way or another and support our teams. We can all take pride in what has been achieved and the fact that our national game is no longer blighted by mass disorder on the terraces or in the streets of European cities that host football tournaments.

The legislation and strategy introduced in the wake of the violence during Euro 2000 is working well, but the problem of hooliganism may not have been eradicated and the threat may remain, so we must not be complacent. However, the number and scale of incidents both at home and overseas has decreased dramatically. Relatively small and isolated incidents will occur from time to time, and some, like the appalling incident in Southampton that my hon. Friend described, remind us of the need to retain the initiative and prevent troublemakers from shaming our national game.

11.30 am

Sitting suspended until half-past Two o'clock.

EU Access to Ports Directive

2.30 pm

Mr. John Denham (Southampton, Itchen) (Lab): I am grateful to Mr. Speaker for selecting this debate and also for the interest and support that has been shown by colleagues on both sides of the House. I know that my hon. Friend the Minister will want to reflect carefully on the points made. As a Minister, she does not have much choice about being here, but it is at some personal cost to her and I am grateful.

I am, by inclination, a supporter of the European Union and have been saddened by the turn against it that has been manifest in a number of European countries in the past few weeks and months. I am also one of the first to recognise that one of its problems is its ability to inflict damage needlessly on itself. On occasion, we need to step in to prevent EU institutions from doing that. We are in such a situation with the directive today.

We are told that we are in a period of reflection, following the various referendums. Among other things, it is directives, such as this one, on which we should reflect. As far as I can see, the EU access to ports directive is not wanted by the people who own the ports in this country, those who manage them, or those who work in them. If those things are true, it is difficult to understand why we should have such a directive and why, given its long and chequered history, anyone should press ahead with it. Has someone made a convincing case that the resistance from the owners, managers and workers represents a close-knit and self-serving cartel? If such evidence exists, the EU Commission has not yet produced it or said that the directive would be the right response.

The Commission appears to be pursuing the directive with a single-minded bloody-mindedness, introducing a new directive without real consultation, after the failure of the first version at the hands of the European Parliament. If ever there was a case of a solution looking for a problem, this would be it.

It is no secret that I was initially prompted to seek the debate by members of the Transport and General Workers Union, which supplies the labour in many of our ports. However, I start by quoting not the TGWU, but the briefing produced in June by the UK Major Ports Group, which represents the owners and managers of the ports. The group stated:

"It is striking that Europe's most liberalised ports oppose a directive that aims to liberalise Europe's ports. The problem is that far from liberalising Europe's ports, this Directive will impose a regulatory burden that will diminish investment and threaten jobs. In terms of ports, surely the Commission should be addressing the more pressing challenges of globalisation and growth and the need to create a level playing field".

The union has a different focus. Its briefing to me and to other hon. Members states:

"ports are dangerous places to work . . . The last thing we need is another Simon Jones."

That is a reference to the young man whose death has done so much to prompt the call for corporate manslaughter legislation. Everyone is brought together by the fear that the directive will undermine the long-term investment on which the success of all the ports, and therefore the jobs that go with them, depends.

In setting the scene, I may be getting a little ahead of myself, because it is worth setting out briefly what the directive is supposed to do and why there are good reasons for saying that it will not achieve that. It aims to open up greater competition in the provision of port services by, under certain conditions, requiring port services such as cargo handling to be put out to tender, enforcing the requirement to allow additional entrants into the market for port services, and extending the range of workers who can handle cargo.

A more far-reaching version of the directive was first introduced in January 2001. The cornerstone of a communication to the European Parliament and the European Council called "Reinforcing Quality Services in Sea Ports: A Key for European Transport" was a proposal for a directive on market access to port services. The Commission hoped, quite reasonably, to shift passenger and goods traffic towards maritime transport, which is a relatively environmentally friendly mode of transport. There was a wide-ranging debate between the Council and the Parliament, as well as with the ports industry.

The directive was initially adopted by the European Parliament in November 2001, but some key issues were still outstanding. The most controversial was cargo handling, a sector in which thousands of the Community's dockers are employed to load and unload cargo. Delegations from the Parliament and the Council negotiated hard under a conciliation procedure and appeared to have reached agreement in September 2003. However, the deal had still to be approved by the full Parliament, and its plenary narrowly rejected the text on 20 November 2003. The main sticking point was cargo handling. A majority of the Members of the European Parliament took the view that the definition of self-handling by the shipowner would still allow workers from boats to carry out unrestricted loading in European ports, which would have significantly downgraded safety.

The new draft directive was introduced in October 2004. The main change involved keeping the idea of self-handling, but restricting it to land-based staff. The European Parliament is now considering the directive. It held a hearing in June, and a report is due to be discussed at the November-December plenary session. It is clear, however, that opposition has not diminished: owners, operators and trade unions maintain their opposition to the directive.

The EU rapporteur, Mr. Jarzembowski, has so far said that it is "debatable" whether the proposals will be acceptable to the transport committee and the Parliament. Those hearings involved many different organisations, including the port owners, the European Boatmens Association, the European Tugowners Association, the European Transport Federation and the European Maritime Pilots Organisation, all of which criticised the directive, in whole or in part.

That is where we are today. The question for my hon. Friend the Minister is whether, given the United Kingdom's presidency of the EU, our Government should tell the Commission quietly to drop the draft directive because it does not serve the purposes for which it was introduced.

The first of the major arguments about the directive relates to health and safety issues, and that case has been put with great strength by the Transport and General Workers Union. We would all recognise that ports today are not the highly regulated and protected workplaces that they were 20 or more years ago. There is substantial competition.

Although I will not go into this today, I have written that the competitive gains made by UK ports have been derived, at least in part, from reduced wages, diminished or abolished pension provisions, and tougher working conditions for those who work at those ports. That is not the industry that would have been recognised in the years immediately after the dock labour legislation. Indeed, as the United Kingdom Major Ports Group says in its briefing, there is already significant competition in UK ports. It states that there is self-handling in UK ports, but adds:

"we believe that arrangements should be a matter for the port and not governed by prescriptive rules."

The union view, which I share, is that the forced introduction of unskilled or poorly supervised labour into a dangerous working environment can only make things worse. Markets and competition can be powerful, and sometimes positive, forces for change, but not at the high cost of human life and lasting injury. The majority of accidents to a dock's work force are caused by falls from heights, slips and trips, and workplace transport, while musculoskeletal disorders are a significant occupational health problem.

It is probably not widely recognised that the ports industry is, person for person, far more dangerous than construction. Compared with the national average, a person employed in dock work—"supporting water transport activities" is the Government's official definition—is 24 times more likely to be killed at work. A dock worker is three times more likely to be killed than someone employed in the construction, building or civil engineering industries. The likelihood of a major injury is similar to that of construction, but the chances of an injury that would keep someone off work for more than three days is nearly twice as high in ports as in construction. A genuine fear about the directive is a reduction in health and safety, which, as I have made clear, is already a significant problem for people working in the industry.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Will my right hon. Friend comment on the safety implications not just for people directly involved in loading and unloading activities, but elsewhere in ports and their vicinities? The port in my constituency does not have the commercial business that it once did, but a similar amount of other industrial activity, including retail activity, often goes on nearby. Does he agree that there are safety implications for those involved in other activities within the vicinity of ports?

Mr. Denham: My hon. Friend makes a good point, and I hope that he expands on it. Although I do not want to paint too rosy a picture of how things are structured at the moment, it is fairly clear where responsibility for health and safety matters lies with regard to employers and others. The directive introduces, in effect, artificial and bureaucratic arrangements for changing those structures and responsibilities. That is bound to lead to unclear lines of accountability and responsibility, and increased dangers in lots of different ways.

[Mr. Denham]

The second argument relates to the threat to investment. Port development in this country is largely a private sector activity. Before it was blocked by a decision taken by the Department for Transport—I do not wish to re-open old wounds—the proposed expansion of the port of Southampton to Dibden bay was an entirely private sector proposal, depending on no public investment whatever. The investment was planned to the tune of at least £600 million. Even much smaller schemes can run into tens of millions of pounds, for which the private investor takes the total risk. In practice, investment in UK ports does not come from independent developers. The concept of the speculative ports development has yet to take off in a big way in this country. Ports tend to be developed by those who are planning to develop and operate them, and who want to provide port services.

The effect of the directive is that, in a relatively short period of time—perhaps 10 or 15 years after development—the company that has taken the risk and made the investment may, in effect, be required to pass their assets over to another operator, which can compete to provide the service without ever having taken the risk on the investment.

In a preamble to a brief provided for this debate, P&O points out the contradiction between that effect of the directive and its stated aim. It says:

"It is important to ensure that the development of new ports and port facilities is encouraged by this directive."

It goes on to talk about the different circumstances in which current investment might be endangered, but those circumstances primarily involve cases in which a private sector company has taken the risk of investing in acquiring land and taking risky and uncertain business decisions to develop new port capacity. The directive appears to put such investments and decisions at risk.

We often debate the private finance initiative. I do not want to do that now, but merely point out that a company that invests, say, £2 million to build a school is generally protected for 30 years under the standards contract before it has to open up to competition to provide facilities management. Under the directive, significantly greater investments would be protected for a much shorter time. It does not take much insight to realise that the effect is likely to be a reduction in investment, not increased competition in the ports industry, and a cut in essential competition between UK ports, because of the possible reduction in their capacity.

As a port MP, I am concerned about the management of the ports, their managers and those who work there. The loss of the expansion of the port at Dibden bay was a huge blow, and I am afraid that the Department for Transport deserves little credit for its failure to develop a coherent port strategy. The port of Southampton remains vital to our economy, and change and expansion are still necessary in some form, but the directive does nothing to make that expansion more likely. Nor does it do anything to secure the necessary investment. It certainly does nothing for the people who work day in, day out to provide port services.

I end as I began by telling the Minister that we can view the directive as a test of the Prime Minister's determination to reform EU institutions to make them concentrate on the essential issues and to be more effective. At the moment, the directive seems to be driven by nothing more than institutional inertia. It is almost a case of, "We have started, so we will finish." I hope that the Government and my hon. Friend have the will to recognise that and to step in and stop the process.

2.47 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I much agree with what has just been said, and I begin by making the same sort of comment with which the right hon. Member for Southampton, Itchen (Mr. Denham) began his remarks.

A mature approach to the European Union is one that accepts, and with pleasure, our membership and our centrality to it. The EU is perhaps the most important step that has been taken in peace time for 100 years. I am proud that Britain is part of it, and I want us to be an active, lively and leading member of it. I look for closer relationships with our neighbours because I am sure that that enables us to have a greater say in the world and to have considerably more influence.

The trouble is that our attitude to the EU is rather juvenile, which means that one cannot criticise it without appearing to criticise the whole institution. I am pretty rude about the Government, but that does not mean that I do not want a Government. I am pretty rude about the Prime Minister, but that does not mean that I do not want to have a Prime Minister. I am pretty rude about the way in which the Government do many things, but that does not mean that I am opposed to democracy or that I do not want the Government of Britain to be elected in the way in which they are.

My job is to try to make the Government better. I take the same view about the EU. I am a committed enthusiast for Europe, which means that I have a greater duty to try to make it do things right than those who want to pull it down and diminish it, as, I fear, do so many short-sighted members of the press and some politicians who do not understand just how remarkable the ability of 25 nations is to work together for our common future. When we make a thorough muck-up—I was going to say something rather rude instead—of it, it is we, the enthusiasts, who really should be the first to say that something is wrong and does not work, and that we want something different.

I represent the port of Felixstowe, which is Britain's premier container port—indeed, Britain's premier port. It is we who managed to get rid of Britain's out-of-date and unacceptable practices under the dock labour scheme, and we who lead the ports of Britain with a companionable management-work force relationship. From time to time, I am approached by a trade union saying that management has got it wrong, or the other way about, but, in general, the port has a remarkable history of labour relations and success, so it should be encouraged by the legislation proposed by the EU. It sets an example that I would like the rest of Europe to follow more widely, but, unfortunately, the port's management and work force would be universally disadvantaged by the proposals, which the right hon. Gentleman has rightly brought to the attention of the House with this debate.

Clearly, all is not well in the European ports industry. The issue could be addressed with more enterprise, less national and municipal interference in the system and

less distortion. I am constantly asked by trade unions and employers in the port of Felixstowe to complain that some of their competitors are unfairly supported with light dues, for example, and right across the scale to the way in which so many of the costs that fall on British ports are taken on by the Community as a whole rather than paid for in port dues.

We want to end such uncompetitive practices. Were we looking for a directive, it would be one that does just that: one that says that Antwerp, Rotterdam and other ports in mainland Europe should carry the same costs as we do in the British ports system. If we are to have a directive, it should carry that message. It should help our competitive system to compete more effectively with ports in countries that use all sorts of protectionist measures to ensure that their ports do better than they should. However, the directive does not do that. Instead, it makes it more difficult for leading European ports to do the job as they would wish.

I have been the Minister with responsibility for health and safety in this sector, and I declare an interest, as I have just written a book on health and safety. I help people, I hope, to improve their health and safety provision. It is widely known that there are many serious accidents in the construction industry, but accidents in the port industry are greater in number and severity, so health and safety in the port industry is not yet at the level that it should be. Some suggest that the case has been presented from a point of view that is parti pris, but I do not think that one can be parti pris about health and safety. It is an absolute issue that must be at the top of the list of important issues. I wholly agree with the right hon. Gentleman's comments on that.

A healthy ports industry is one in which a successful management is able to expand the port that it runs. Those of us who represent ports will know that that is not easy, because the moment one wants to expand a port, one finds that there is a rare plant immediately next door to where one wants to expand. I have often thought that we should find more unusual plants in the world if we threatened every area of the coast with a port, because it is surprising how rapidly the lesser spotted trefoil is discovered in those circumstances. I speak as a dedicated environmentalist.

I have been involved in Felixstowe in all sorts of discussions arising from the need to carry out much expensive work—particularly the replacement of the bird habitat—to get the necessary expansion of the port. The redevelopments that I am so pleased about in Felixstowe, which will redevelop the old part of the port, are just as difficult environmentally. The lighting, the fact that people cannot watch their television sets, and the things going on across the water in Bathgate create considerable difficulties for the port owners. The Dibden bay example is another way of saying that we already have strict containment of competition, deriving from the proper view of the environment. Let us not think that the business is an easy one to expand.

I think that the management has an important case to make: if we are to compete effectively, we need to remove the disadvantages—partly by reducing protectionism in the EU and partly by making it possible to continue, both here and elsewhere, the good processes that are available in Britain. I do not mind competing on a fair basis, and I should like the rest of the ports of Europe to enjoy the same regime as this country. I do not want things to get worse because of the directive.

I know that the Minister is new to the job and has gone to great trouble to be here today, and I thank her for that. I should like to feel that the Government were more completely and publicly direct about their position. I should like the Minister to be precise about what she intends to do, how she intends to do it, who is on her side, how many meetings she and her colleagues have had with our colleagues in the rest of Europe, whom she has on board and how what she intends will happen.

I think that I have negotiated longer, and on more occasions, in the EU than any Minister. In 16 years my experience was that working hard with one's colleagues means that they will reciprocate. Someone who spends real time with them, getting them to understand that we are on their side, that we want the EU to work but that the matter in question is bad for them and for us, will get support. I should like today to hear the Minister say, "I am not going to let this happen. I am going to be out there. I will win supporters and show that we can win the argument and win the vote." It is not just a question of the presidency getting the Commission to drop something; it is a question of the presidency getting colleagues to understand why the idea is nonsense.

I have no doubt that in the new Europe, where there are so many new partners, the Minister could get exactly the sort of support that I have described. If I may dare to give her a little advice, I think that her debut in such a debate will be hugely successful if she is able to make us all feel that she will be a feisty battler for Britain—no: a feisty battler for a sensible port system for the whole of Europe.

It may sound slightly odd coming from a Conservative Member, but although we may not always agree with the decisions of the Secretary of State for Environment, Food and Rural Affairs, and although we often feel that she is pretty distant from agricultural constituencies such as mine, the one thing that we know about her is that if there is a battle in Europe she is a feisty fighter. I suppose that 40 years of watching one's back in the Labour party makes a person a pretty good fighter in that way; she is extremely good at that.

I wonder whether someone rather younger may prove to us today that she will be precisely as feisty and tough as that, so that we know that the Government are on the side not only of Britain but of a sensible ports industry. That is part of the enterprise economy that we want to make Europe have. It is the only way that Europe will compete effectively and provide the world with a friendly alternative to some of the more extreme versions of capitalism on the other side of the Atlantic.

3 pm

Mr. Anthony Wright (Great Yarmouth) (Lab): I congratulate my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) on securing the debate, which is certainly timely. I have been approached on several occasions by many people who work in the port of Great Yarmouth regarding ports packages 1 and 2 proposed by the European Commission. In addition, I hosted a meeting at

[Mr. Anthony Wright]

Westminster nine months or so ago with some of my constituents and many people from the Transport and General Workers Union, who raised the subject, so I am particularly pleased that the debate is taking place.

I fully endorse early-day motion 476, tabled by my hon. Friend the Member for Dover (Gwyn Prosser) and entitled "Access to Port Services Directive", which calls on the Government to withdraw their support for the directive. It is essential that we provide the safest working environment possible for those employed at UK ports and that we keep our port services at the highest professional level. British ports are, on the whole, the most effective in the world, but the proposed directive will threaten their commercial viability while, more seriously, risking the lives of those who work in them and use them.

The European Commission's drive systematically to promote liberalisation and competition in port services across Europe stemmed from the 1997 Green Paper "Sea Ports and Maritime Infrastructure". That was followed on 13 February 2001 by the Commission's adoption of ports package 1, the cornerstone of which was the draft directive on market access to port services. The need underlying that package of port liberalisation measures was to incorporate new member states in a successful and liberalised European ports system and to establish an effective trans-European ports network to reduce demand on other transport routes and stimulate business and employment prospects.

Port workers who provide services locally in Great Yarmouth have no problem in accepting those laudable concepts, especially when promoted as part of a package that holds safety and security in equal measure. However, it has become increasingly transparent through the evolution of the directive, which was rejected by the European Parliament in November 2003 and has now been reincarnated as ports package 2, that safety is being sacrificed in favour of measures that will, in their effort to achieve the goals of a package for the whole of Europe, stifle the individual competitiveness of UK ports.

The UK heads up an EU port infrastructure that is among the most productive in the world. The cost to unload a 40 ft container is, on average, $100, compared with $200 in North America and $300 in Asia. I am delighted that in Great Yarmouth the outer harbour development is nearing its final stages after receiving Government assistance based on the area's unique needs. However, on the whole, UK ports are distinct within the EU in that almost all investment in them is privately financed, with limited peripheral support from central or local government.

The UK has the largest port industry in Europe, with 120 ports handling about 560 million tonnes of cargo annually and 68 million passengers. It does that and does it well. It has been outlined in detail why imposing measures under the directive—such as mandatory authorisation for port services, reducing durations of authorisation and introducing new tendering requirements—will directly undermine the competitive edge of the UK's ports through inadequate regulation and over-regulation. Furthermore, transitional arrangements surrounding current port authorisations, compensation for companies affected by the arrangements and concerns about state aid guidelines will prove immensely challenging to the practical implementation of a directive which will provide a field day for lawyers.

Even more pressing for me are the serious health and safety concerns. Ports are dangerous places to work. My right hon. Friend said this, but it is worth repeating: someone employed in supporting water transport activities is 24 times more likely to be killed compared with the national average, and three times more likely to be killed than someone employed in the construction of buildings and civil engineering work. Despite that, ports package 2 has proposed self-handling by customers, reintroduces technical nautical services as a port service open to competitive tendering and forces compulsory competitive tendering on ports. All those measures to create intra-port competition will instead create what has commonly been described as ports of convenience across Europe, dramatically undermining safety.

On self-handling in cargo-handling operations, including loading and unloading, stevedoring, stowage, transhipment and other intra-terminal transport, there is simply no need for regulation under the directive to increase competition, given the already adequate terms of competition that exist in the UK. More dangerously, however, the proposed introduction of self-handling risks safety by the casualisation of jobs that only qualified professional dockers can carry out to high safety levels.

I have already illustrated the safety hazards associated with the work, with 3,000 accidents per 100,000 workers. If the work were to be carried out by land-based personnel of user companies, often contracted on a short-term basis, it is inevitable that safety will suffer and that the appalling safety record will get worse. The reintroduction of technical nautical services, including pilotage, towing and mooring, into the debate on competitive tendering—wisely withdrawn in 2001—will take what has always been an effective in-house service and create a service in which standards are undermined by commercial pressures.

The services are based on public safety. The most hazardous period of a shipping vessel's voyage is when it enters or exits a port, or when it navigates within a harbour, often within restricted or dangerous water. That presents a series of risks not only to the vessel, but to surrounding vessels and to the local environment. Indeed, many view those services as a maritime safety public service. It is madness to open such vital services to compulsory competition.

Under UK law, the provision of pilotage services is a matter for port authorities and all pilots are either employees or de facto employees. The service has worked well. For example, rather than having competition between pilot service providers, the port of the Humber and its operators have benefited from the increased co-ordination in pilot services. Only similar local authorities, including the one in my constituency, have the necessary experience to do what is best. Regulations should be left to the member states and not subject to all-encompassing EU legislation. Assurances that necessary safeguards will be put in place do not hold true, and to create a competitive market in such a safety-critical sector is absurd.

The general concept and ill effects of compulsory competitive tendering as proposed by ports package 2 will not stop there and will affect passenger services and ports in a similar way. Lack of safety management, lack of control of contractors and lack of training in all such matters will inevitably become serious issues for workers. Even under the current system, the increasing casualisation of many port services is a serious matter and the directive would open the floodgates. Indeed, it offers no additional safety and security protection for dock work other than those already used by the individual member states.

It is essential that the Government pursue greater health and safety measures nationally and internationally to reduce the unacceptable level of accidents in UK ports and across Europe. They should not increase those numbers by supporting an unworkable and impractical European directive.

The UK has not signed up to International Labour Organisation convention 152 on occupational safety and health for dock work, yet it is essential that the Government recognise the convention if they are to demonstrate their commitment to the international health and safety issues relating to dock work. Other ILO conventions on such issues, which the Government must also sign, are C137 and C145. I would welcome the Minister's comments on the Government's position. If she is unable to inform me of that today because of time constraints, I will be happy if she writes to me.

Other important issues that could be resolved without the need for the directive, or through a reduced directive, are those on inter-port competition as opposed to intra-port competition, and the establishment of greater transparency in state funding for ports. It is also essential that any future directive does not exclude ports other than those deemed category A so that they might also benefit from legislation under a new and significantly reduced directive along the lines that I have outlined.

It is unacceptable to adapt and change legislation that is fundamentally flawed. In their presidency of the EU, the Government have time to ensure that ports package 2 is defeated in the European Commission and the European Parliament. The new directive will not achieve their aim of successful, sustainable and safe ports in the UK, as outlined in their recently published policy paper "Modern Ports: A UK policy". Therefore, the directive should be dropped.

3.9 pm

Gwyn Prosser (Dover) (Lab): During my sea-going career on deep-sea and coastal vessels and on cross-channel ferries, I spent much of my time negotiating and arguing the case for the workers with various shipping companies and shipowners.

Since leaving the sea I have settled in Dover, near the busiest ferry port in the world. It is one of the premier ports. We all have generous things to say about our own ports, but Dover is particularly special to me, not least because Her Majesty the Queen opened two brand new berths there four hours ago. During my time ashore in Dover I have spent quite a lot of time making representations on behalf of port workers, members of the Transport and General Workers Union and members of the GMB over various grievances when the trade union system did not quite deliver the goods or it wanted a little bit more help. I cannot remember one instance when a new rule, regulation or piece of legislation has not caused quite dramatic differences in view across the negotiating table.

As my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) said, the extraordinary thing about the directive is that it has succeeded in uniting us all: the port industry, both the ports associations, the shipowners, the terminal operators and all the trade unions. They are united in their condemnation of the European Commissioner's new directive. We are calling it mark 2. It seems from the flavour of the debate today that it is also uniting the political parties. We are building up a strong bow wave of opposition to this unnecessary directive.

It is gratifying to see so many members of the distinguished and influential all-party ports and merchant navy group present this afternoon. In the previous Parliament the group considered this issue and wanted to reject the directive. I have taken some soundings and have listened to the contributions this afternoon, and it is clear that when we consider it formally in this current Parliament the group will oppose it again. When the Transport Committee looks again at the new directive and all that it entails, it will undoubtedly produce a robust response. All the arrows point in the same direction.

The terminal operators are concerned about having to re-tender for services that they have provided for many years. They are not afraid of competition, but they are afraid of being outbid by powerful, cash-rich interests, and perhaps by interests whose long-term objectives are not the running of ports and the sailing of ships, but the selling of land, the building of houses and the making of money. That has to be borne in mind.

The issue of investment has been raised. One of the great problems that we are starting to face, and which we will be facing even more in future, is port and infrastructure congestion. We are told that freight through UK ports will probably double in the next 10 years. That is great for the expansion of some of our ports, especially on the south coast, but it is a challenge in terms of providing the infrastructure and keeping the traffic moving. However, investment in the berths must be continued, as the right hon. Member for Suffolk, Coastal (Mr. Gummer) pointed out. Currently concessions are allowed over a period of 46 years, so at least we can say that for nearly 50 years, no matter which way the tide is flowing, we can invest big money and get returns in the future to meet the increasing demands. We are told that the directive reduces that to 30 years. That is another unnecessary limitation.

We know that the International Transport Workers Federation has pointed to the growing problem of being unable to expand and compete without the encumbrance of third parties being involved. However, the main problem in the directive—the one that caused so much anguish and grief during the first directive—is the vexed question of self-handling, especially by the ship's crew. There is talk of pressure for that text to be dropped, and that it will not be part of the final text, but it is early days yet.

[Gwyn Prosser]

We have already heard about the accident rate in ports—it is higher than that of the construction industry, and was higher than that of the mining industry when that industry was thriving—but the accident rate at sea is still a major issue. Moreover, we know that 90 per cent. of accidents at sea can be related to fatigue. In a sea-going career, the worst scenario in the world would be for sailors to come from a deep-sea passage to prepare for stand-by—preparing the lines and berthing the vessel—and then for those sailors to have to turn out on deck, not just to tie up the ship, which is part of their function, but to start discharging the cargo, with all the extra risks that that entails. That scenario would be particularly bad in today's environment, in which crews are getting smaller and the demands greater.

Even if that text is dropped, the directive will still give an incentive to ship operators and ports to bring in casual labour. The right hon. Member for Suffolk, Coastal mentioned the dock labour scheme. I grew up in Swansea, and am old enough to remember my grandfather, who was a Swansea docker, leaving the house at 6 am or 7 am to walk down to Swansea docks to stand in a great mass of people and wait to be picked out from that crowd—by luck or by other means—to get a few hours' work on that day. The decision to select people was not to do with their commitment, energy or previous work history, but more to do with who they knew. That was not the free market; it was worse than a flea market. Those were the bad old days of organising ports.

Although we have lost that entirely unregulated scurrilous scheme—we have not quite gone back to the way that things were all those years ago—the directive would still put pressure on the port operator to take the lowest bidder. That could mean a build-up of agencies that might recruit in the back streets, and might even take on illegal workers, or people with no history in port work, with no feeling for safety or the proper procedures. That would increase the danger.

In the port of Dover—my constituency—I have been approached and lobbied by my friends Gary Punton, who represents the TGWU, and David Clements, who represents the GMB. Both the seafarers' unions have also lobbied me: the officers' union, the National Union of Marine, Aviation and Shipping Transport Officers, in which I declare an interest, because I am still a member; and the National Union of Rail, Maritime and Transport Workers, in which I also have to declare a registrable interest, because that union supported my campaign in the last election. Those unions are saying much the same things as hon. Members are saying in today's debate.

Another issue that the directive causes problems with is the International Labour Organisation conventions on registered dock workers. Many people, especially the trade unions, look on the directive as a means of undermining not only the specific conventions, but the entire structure of union membership in our ports, which would be a bad thing.

I will be in danger of repeating many of the issues that other hon. Members have raised if I continue too far along that track. I shall finish by saying that if we can convince the Minister of the need to support us in opposing the directive—I am sure that we are getting there—she will be on the side of that growing constituency of people who say that it is unnecessary and that it will do more damage than good. The only winners will be the solicitors and lawyers, who will make a great deal of money from all the claims and counter claims. I hope that the Minister will join us in opposing this unnecessary directive.

Hugh Bayley (in the Chair): Order. I need to call the Front-Bench speakers to make their winding-up speeches at 3.30 pm, and I see that two further Members wish to speak. I hope that they can calculate the time allocation.

3.21 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I will attempt carefully to calculate my time allocation.

I have followed the progress of the directive for some time, and I am delighted that my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) has secured a debate on the matter. I also submitted a request for a debate to the Speaker's Office in my indecipherable handwriting. I think that the Speaker's Clerk may have concluded that we did not need a debate on the excess of pork surfaces and thrown my proposal in the bin.

Nevertheless, we have secured this debate and it is important that the issues relating to the port directive are made clear. The Minister must be equally clear on the matter and I hope that she will be able to assist whatever needs to be done to secure an EU port directive that makes sense in relation to the original suggestions of what a port directive should consist of, instead of the directive currently before the European Parliament. The existing directive displays a misunderstanding of what is meant by a level playing field in the context of what it claims to do.

Creating a level playing field is a question not just of not building it on the side of a mountain, but of what people do on that level playing field. We expect two sides to turn up and that there should be the same rules for both. There should be a referee and the game should proceed in an orderly fashion. The rules should protect the players from being injured or killed. Contrary to that, the directive appears to suggest that the rules can change during the game. For example, the manager might recruit someone from the crowd during the game to play in the match or, during half time, a player might be sold and come out during the second half for the opposite side.

The directive concentrates on inter-port competition in a way, as my right hon. Friend set out clearly, that does not do anything either for investment in ports or for health and safety matters relating to the running of ports. In the directive's second incarnation, it claims to begin considering the question of transparency of competition between ports, but in my view it does not significantly address that. It is important that the UK considers that area carefully in addressing the directive.

It is certainly the case that ports throughout Europe have different definitions of what constitutes a port. In Germany, for example, ports are treated as part of the transport system. In France, there is substantial

investment in port infrastructure, dredging, buoys, lighting systems and so on through regional and national assistance, which varies in different parts of France.

In elements of the directive, the assumption is made that ports somehow exist independent of the trade that goes on in them, so that the trade can be deregulated in the way suggested by the directive without harming the infrastructure. If we are to have an infrastructure directive that produces a level playing field, the issue of who funds what in relation to ports must be addressed. In the UK, ports are regarded as commercial entities in their own right and, as hon. Members have already mentioned, they must pay their own way in terms of all infrastructure.

Even so, there are clearly issues of definition, for example, in relation to the infrastructure to and from the port on its landward side. Hon. Members have already made some mention of that. For example, what about rail links to and from ports? In the port of Southampton, a key issue is whether the freight rail link from Southampton to the midlands should be upgraded to deal with the new high box containers. That might be outwith the infrastructure and investment handled by the port itself.

That is what the directive ought to consider. That would be a directive that those who are interested in ports could sign up to. As it stands, the directive does the opposite of most of those things, and it is significant that every speaker in the debate and every party representative in this Chamber agrees that, without those substantial changes, the directive can only harm the interests of British and indeed European ports, rather than advance them as it claims to do.

3.26 pm

Andrew Mackinlay (Thurrock) (Lab): I shall be mindful of the time constraints, but even in the main Chamber the speeches from the two Front-Bench spokesmen sometimes take less than half an hour. Also, I have something new to say: there will be no more Mr. Nice Guy, because we are sometimes far too polite in relation to the Government. Even my hon. Friend the Member for Southampton, Test (Dr. Whitehead) seems to accept the concept of a directive, I say that it is not necessary at all, and I want to elaborate on that. My mandate for being here is that I represent the port of Tilbury—the last working part of the historic port of London—and also 18 miles of river frontage, which includes wharfs that will not be covered by the directive. If the directive were put into practice, it would create some distortion and unfairness in relation to the enterprise of the port of Tilbury and those smaller wharfs. That needs to be spelt out. The port of Tilbury is owned by the Forth Ports group, which is a significant player when it comes to ports in the United Kingdom. Its headquarters are in Leith.

Assuming that the Minister will not accept everything that I say this afternoon, I invite her at least to give some idea of the logic behind the directive. Who is driving it? Is she mindful of the fact that the European Parliament basically rejected it? I know that it has been resuscitated and had some fine tuning, but basically it is the same animal. I want to be reassured that there is not a scintilla of truth in the rumour that our Ministries used leverage to try to get Labour MEPs to support the directive initially. This is my hon. Friend's opportunity to repudiate that charge.

Employing some dexterity, I am a socialist who believes in the market economy. There should be a free market, even for labour, subject to the fact that there must be regulation of health and safety standards, proper means for reviewing service conditions, and free negotiations. In relation to that, it is time that the Government enacted the International Labour Organisation conventions, to which reference has been made. When I said that there would be no more Mr. Nice Guy, my hon. Friend the Member for Great Yarmouth (Mr. Wright) said from sedentary position that the Minister could write to me. It is time that a Labour Government implemented the conventions. The Minister's brief no doubt says, "If someone mentions ILO, pretend you haven't noticed." I want her to respond to my point about the ILO conventions, because the issue has been raised time and again since I have been a Member, and certainly since 1997. We need to look at that.

The driver—the so-called Lisbon agenda—said, "Let's open up the markets, particularly in the services area." In principle, I do not lie awake at night anxious about the Lisbon agenda of the European Union, but I do not see how the directive translates into a way of fulfilling the Lisbon agenda. Indeed, I see it as the opposite of the market approach. In the United Kingdom, we have a good market in the ports sector. We are an island. It is worth drawing the Chamber's attention to the fact that the cost to shipping lines of handling containers in UK ports is about $100 or £68. That compares with an average of about $134 or £91 in north Europe and $200 on the east coast of north America.

The important comparison is between the UK, which has a really good market in terms of port handling, and the rest of northern Europe. I suspect that there is protectionism of the national ports in all those areas, and many countries in the European Union are up rivers. The Danube covers several European Union countries, and the prescription does not fit all of them. The UK can legitimately say, "Don't wreck our highly competitive market"—because the figures that I have before me stand up—"to address high prices elsewhere in northern European ports."

The Commission consultation has been parlous. Originally the directive did not include, for instance, cargo handling; it related only to some of the technical services. They should not be covered by the directive, but it has been extended to cover stevedore functions and cargo handling. The fact must be flagged up that the Commission cannot pretend that there has been adequate consultation about that matter.

The directive will encourage greater use of poorly trained or casual staff, as a consequence of the reduction in safety standards. It will deprive people, companies and corporations that have invested in UK ports and made them very competitive, and it could jeopardise further investment in UK ports. The directive will also mean that customers and port owners cannot benefit

[Andrew Mackinlay]

from economies of scale. For that reason, if the directive were allowed to go through, it would do the opposite of promoting the market.

Hugh Bayley (in the Chair): Order. I ask the hon. Gentleman to draw his speech to a conclusion.

Andrew Mackinlay: I shall, Mr. Bayley. As well as providing a response on the ILO issue, I hope that the Minister will tell the Minister of State, Department for Transport, and the Secretary of State for Transport what has been said today. It is fair to remind the Minister that the Foreign Secretary has repeatedly said in the House in relation to European legislation that he wants to be sensitive to what the House says. I do not think that there is a person in the House who supports the directive. If there is, hands up he or she.

The message must be conveyed that the directive must not pass. During our presidency and during the presidency of Austria, which does not have an abundance of ports, except on the Danube, the matter should be deemed to be dead.

We are exercised by security; I certainly am. One of the benefits of the port of Tilbury is that it is self-contained. It is the nearest thing to a walled port, which will become the trend in ports. It is literally walled, in the sense that it is protected to combat crime, theft and so on; and also, when a small number of employers are based in a port, they can be controlled and identified. The great investment can be spent on knowing precisely who those people are, where they have been and where they have come from. If we create a multiplicity of employers in those ports, the objective will be diminished.

For all those reasons, I hope that the Minister will be bold and say that she takes the mood of the House and that she will use her best endeavours and offices to frustrate and eventually kill this crackpot directive.

3.33 pm

Dr. John Pugh (Southport) (LD): I shall be brief. I congratulate the right hon. Member for Southampton, Itchen (Mr. Denham) on having raised the subject, and all the Members who have spoken. The debate has been an education for me. I must admit that I would not be comfortable dealing with this topic on "Mastermind", but after the debate, I think that I would cope a little better.

The right hon. Member for Southampton, Itchen asked what problem the directive is meant to address. Fundamentally, the problem is fair trade in one form or another. There have always been conflicts of interest concerned with merchant shipping, going right back to conflicts between ports and port owners and shipowners. If we go right back to the days of ancient Greece and to the unfortunate affair of Troy, we see that the problem has existed for a very long time.

In the old days, ships essentially took what deal they could at the port, and if they did not like the deal, they simply went elsewhere. None the less, ports have always been interested in attracting more and more trade, and in forcing down their costs. The ports' disputes with which we are familiar are normally those between the dock owners and the dock workers. I know about that, sadly, because I was involved in a rather futile effort at conciliation during the dock workers' strike in Liverpool, an historic dispute of many years ago, because I was a leader on the council. I remember discussing with both sides their relative fears about the industry. The dock owners voiced their fear of union exploitation and the stranglehold exercised by the unions. They would start by saying, "Can I take you back to 1954?" The unions would express their fear of casualisation and say precisely the same thing. Those fears were genuine and real.

There was a brutal battle about the various interests. The word used by the right hon. Member for Suffolk, Coastal (Mr. Gummer) to describe arrangements at Felixstowe was "companionable". That word certainly did not apply in the case to which I refer. It must have taken a special genius for the EU directive to have united forces that have normally been at one another's throats.

As far as I can see, the only supporters of the directive will be big shipowners, who might relish competition on issues such as pilotage, the possibility of self-handling and the erosion of, and some attacks on, what they see as vested interests. I dare say that some of them would argue for a further degree of liberalisation—for a financially transparent regime, in which there are underlying rules related to safety and ensuring that everyone involved in the enterprise has adequate and appropriate expertise to conduct themselves properly and an environment in which no one is held to ransom and bargains are free and fair. That is the theory of liberalisation.

Whether it is called the Lisbon agenda or whatever, that theory sounds all right. In this case, the practice appears to be different. We must accept that ports are vital to a nation in a way in which other service industries are not. Ports are vital because they affect a much wider economy than themselves, because use of the ports, rather than of the roads, is vital to the environmental imperatives that dominate our agenda, and because they are related to national security, although to a lesser extent than formerly.

Any Government ought to be, and most are, uncomfortable about leaving ports to the free market. That is why the issue is so difficult. It sets some tricky dilemmas for the Government. Transport policy, whether port or road policy, is essentially a form of economic intervention. In the context of Europe, that always raises complicated issues about state aid.

The Government also have overriding imperatives to do not with transport but with the environment. The right hon. Member for Suffolk, Coastal mentioned wild flowers. Environmental arguments cut both ways. We may save a few wild flowers, but if the net effect is that we put more lorries on the road, the effect on the environment is not to the better.

As I see it, the directive is about having the benefits of the market without the pitfalls. The pitfalls have been well analysed. They are poor safety, environmental damage and economic uncertainty. We would all accept that that is the consensus about the directive. It is too prescriptive. It makes things mandatory that should be optional. It is insensitive to the economic investment

needs of ports. The right hon. Member for Southampton, Itchen analysed that well. It is also, as other Members said, unmindful of the dangers of casualisation and the health and security issues attaining to that.

It seems to me that there is good commercial practice in the ports industry. Good commercial practice needs no further recommendation. It does not need a set of imperatives from Europe to bind and establish it further. To endeavour to do that restricts the market or leads to an undesirable form of Euro-fudge.

In a nutshell, I appreciate the concerns of both Europe and the Minister, but however those concerns are addressed, the directive does not seem to be the most appropriate way of addressing and furthering them.

3.39 pm

Mr. Greg Knight (East Yorkshire) (Con): We have had a good debate. I congratulate the right hon. Member for Southampton, Itchen (Mr. Denham) not only on securing it but on his forceful and common-sense contribution to it.

When considering the directive, the most striking feature is the wide opposition that it has created. I have rarely encountered such unanimity. That is clearly a view shared by the right hon. Gentleman and by most other speakers who have contributed. Members of all parties, the Transport and General Workers Union, representatives of the major ports and the European Parliament are all united against the proposal.

I pay tribute to Timothy Kirkhope, MEP, the leader of the delegation of Conservative MEPs, and his colleagues, who have led the opposition to the proposal. Perhaps the hon. Member for Thurrock (Andrew Mackinlay) should go to the European Parliament and have a quiet—or, in his case, noisy—word with his Labour MEP colleagues. At one point, even the UK Government seemed to have joined the opposition. In February this year, they stated:

"The UK Government is less certain that the impact of these new proposals on the UK ports sector would be realistic or proportionate."

Had they stuck with that line, they could have included the official Opposition among their fellows. However, despite all the Prime Minister's fine words in Brussels, it seems that there may be yet another climb down by the Government on an important issue. I hope that I am wrong and that the Minister will reassure us that that is not the case.

We all ought to be able to criticise the European Union when it gets something wrong. I entirely agree with what my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) said. One problem with the EU is that it does not like to be rebuffed. If the people of a nation state reject one of its schemes, they are asked about it again and again until they give what is considered to be the right answer. If one of the major players in Europe throws out a proposal such as the constitution, many in the EU act as if nothing has happened. Now we see what happens if one of its own institutions, the Parliament, rejects a directive. Does the Commission respect the decision and drop the proposal? No, it proposes it again. The right hon. Member for Southampton, Itchen is right in saying that that is exactly the type of behaviour that has alienated many of the Union's citizens from its institutions.

During Britain's presidency of the EU, the Prime Minister has a perfect opportunity to refuse to be a party to such an insult to democracy, and to encourage our partners to drop the proposal. However, despite that golden opportunity to put a stop to unsatisfactory legislation that nobody wants, there are signs that the Government may acquiesce in yet another dose of Commission-inspired bureaucracy. Even if the proposal had not been rejected by the European Parliament, there are good reasons to drop it on its own merits, as we have heard this afternoon.

It is fair to say that the directive is not really aimed at British ports. That came out in the flavour of the contributions today. Its aim is to inject some much-needed liberalisation into the ports of mainland Europe, many of which currently sit under the heavy hand of state control. In many respects, such ports lag way behind ours. As Michael Everard, the former president of the Chamber of Shipping and chairman of its ports and pilotage policy committee, said to the Transport Committee:

"I have been going to Sweden for the last 30 years. I used to say when I went there that I wished our ports in the UK were as efficient as Sweden. Now things have totally turned round. We are far more efficient than they are."

My right hon. Friend the Member for Suffolk, Coastal made an excellent case. He referred to his book but did not tell us what it is called. Perhaps he should send a copy to every member of the European Commission. The proposal—even the amended one—will introduce a formal framework of competition to the provision of commercial port services. As I have said, that may be very well for some parts of Europe, but it is not necessary in Britain, mainly because British ports underwent liberalisation in the 1980s as a result of the policies of the trail-blazing Government led by Lady Thatcher, of whom my right hon. Friend was a distinguished member. Consequently, for this country, the directive is not a liberating experience but a straitjacket.

Take, for example, the forced tendering of contracts for cargo handling. That may be necessary in other parts of Europe, where the ports do not deal with that side of the business—they farm it out to other contractors—but UK ports normally handle it themselves. Forced tendering will result in fragmentation of the companies that run our harbours and could lead to increased use of casual labour. I agree with the comment that one likely consequence is a deterioration in the quality of work and, therefore, increased health and safety risks. Those risks cannot be exaggerated.

No one is happy about the directive—not the unions, not the ports and not the European Parliament, which cited the proposal as its main objection to the original directive. Even the Government have conceded that the directive will change Britain's ports to a more European model, although Ministers have alleged that the changes will take place over a couple of generations.

If the proposal is approved, there will be an increase in regulation and paperwork across the board. That will, as the TGWU argued,

"discourage much needed investment in the UK port industry and make it harder for UK ports to offer an efficient service to their customers".

That argument was echoed by several hon. Members during the debate.

[Mr. Greg Knight]

The directive will force British ports to back-pedal in the name of liberalisation, and there seems to be some doubt whether it will help the ports of our European neighbours. The chairman of the European Sea Ports Organisation was dismissive and said:

"I am afraid that the proposal we now have on the table is not going to help ports in facing their common challenges. Instead of creating an attractive climate for much needed investments in ports, it will probably scare potential investors away."

The pilotage sector of the industry has also expressed deep concern about the directive's impact. The European Maritime Pilots Association said that

"under no circumstances should pilot services come under the scope of the proposed directive".

One of the main arguments for throwing the directive out of the European Parliament in November 2003 was fears about the employment of casual labourers. Changes have been made to the directive, but it looks highly unlikely that the European Parliament's committee on transport and tourism will deem them to be sufficient. I hope that Members of the European Parliament will continue to block the measure.

I understand that no fewer than 220 trade unions throughout the EU are gearing up to oppose the measure because they believe—I agree—that it will undermine safety standards in harbours throughout the EU. We have manifold reasons for rejecting the directive, even in its slightly amended form. It serves neither the interests of mainland European ports, nor our British ports. It has been rejected once by the British Parliament and has not had the amendments necessary to merit its approval. It will jeopardise safety in the name of liberalisation and it will jeopardise our liberal UK regime by imposing additional red tape.

I hope that the Minister will give a robust response to the debate. The essence of the answer was touched on by the hon. Member for Dover (Gwyn Prosser) when he said that the issue should be deemed to be one of national competence. If the EU accepted that, it would be the answer to the problem. Let the British Government go their own way because the matter should be one of national competence. I hope that the Minister will say that she takes the same view and do what she can to persuade her fellow Ministers in the EU to abandon the proposal or, at the very least, argue for the principle of subsidiarity.

The hon. Member for Dover rightly said that a large bow wave of opposition is facing the measure, and I hope that the Minister agrees with him. She should do her best to ensure that that bow wave sinks this unwanted vessel.

3.50 pm

The Parliamentary Under-Secretary of State for Transport (Ms Karen Buck): I also congratulate my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) on this timely debate, which focuses the House's attention on the challenging proposal for legislation throughout the EU on the market for port services. I congratulate him on not only obtaining the debate, but on the characteristic cogency and power with which he delivered his contribution. It has been a debate characterised by excellent contributions from hon. Members representing ports authorities, bringing a great deal of expertise and local knowledge. It has been characterised also by a high degree of cross-party unanimity, which represents, through hon. Members' contributions, what I hear as a high degree of cross-sectoral concern, spanning business and the trade unions. I assure hon. Members that I have heard that message. The Minister of State, Department for Transport, my hon. Friend the Member for South Thanet (Dr. Ladyman), will be the lead Minister on the issue, but I assure hon. Members that I shall report back to him fully on what has been said today.

As everyone in Westminster Hall knows, the UK currently holds the presidency of the European Council, so our role in the next six months is to act as a fair and neutral broker, taking forward the Council's agenda. We act as an advocate for common EU policies and are responsible for brokering agreements and delivering results. I am therefore reluctant to dive too deeply into the controversy of the proposal from a national perspective, as the presidency's role is impartially to take forward the agenda of the EU, which the UK has helped to shape.

Within that agenda, some things are clearly more important to us than others. Presidencies that are perceived to focus exclusively on national interests soon lose credibility and undermine their capacity to deliver. That said, the proposal clearly matters to us. The Commission has said that the whole thrust of the directive is to introduce a permissive rather than a mandatory regime. It also argues that its aim is to ensure that the market is aware of the opportunity for the provision of competitive services in the port sector. The Commission believes that the directive will allow for market access, providing that there are suppliers seeking to enter the market. Those are admirable intentions.

It is clear from listening to today's contributions, however, that hon. Members share the concerns of a wide cross-section of their colleagues in the European Parliament that those aspirations have not been translated into a realistic or proportionate proposal. My right hon. Friend's concerns, and those expressed highly consistently—albeit with different local illustrations—by the right hon. Member for Suffolk, Coastal (Mr. Gummer), and my hon. Friends the Members for Great Yarmouth (Mr. Wright), for Dover (Gwyn Prosser), for Southampton, Test (Dr. Whitehead), and for Thurrock (Andrew Mackinlay), set out some of the apparent shortcomings of the proposed directive. They expressed crucial concerns about the impact on future port investment, the impact of levels of potential uncertainty, and the impact of work force casualisation on health and safety. Such concerns have also been raised by a significant majority of member states. The clear view, strongly expressed at last December's Transport Council, was that the current text could be regarded only as a starting point for long and hard negotiation.

As hon. Members will be aware, one of the Government's overarching objectives is better regulation across the board. That will be a major theme running through our presidency of the European Union. Following extensive consultation across the UK ports sector and its users, we have already carried out a thorough regulatory impact assessment of the proposed directive, which is being submitted to the European Scrutiny Committee of this House. As my right hon.

Friend pointed out, our assessment amply confirms that there is a greater level of market discipline at work in the UK than elsewhere in Europe. The UK ports sector in general already provides port users and service providers with the market freedoms proposed by the directive—several hon. Members emphasised that point.

We do not expect that the intended consequence of the directive would have a significant impact on the fully liberalised, commercially independent UK ports sector or its stakeholders. However, we accept that there is a real possibility of serious unintended consequences, which would have an adverse effect on the continued efficiency and effectiveness of the sector. We do not so far see that those would be adequately balanced by any compensatory advantage. Clearly, this is not a satisfactory situation.

Our ports are vital to the continued economic well-being of the UK. The directive would have an impact on the 45 UK ports, which have an average annual throughput of more than 1.5 million tonnes, and 200,000 passenger movements per annum, if calculated on currently available data for 2002–03. These ports handle 95 per cent. of the UK's trade by tonnage, and it is vital that any regulation that impacts on them is of net overall benefit.

As many hon. Members have recognised, the directive has a long and contentious history. In his opening remarks, my right hon. Friend the Member for Southampton, Itchen made it clear that the European Parliament rejected the original proposal at the conciliation stage in 2003. The revised proposal was issued in October 2004, and initial deliberations were taken forward under the Luxembourg presidency. The published Luxembourg-UK presidency programme commits us to progressing that dossier.

The UK took a leading role in steering the original proposal into what was generally regarded as a reasonable and proportionate measure by member states, but not, in the end, the European Parliament. If there is to be a directive on opening up port services, our European partners now look to the UK, as a major maritime player in the Community, to grasp the nettle once more. They want us to move towards a workable and workmanlike proposal that delivers market liberalisation where it is required, but with full regard to the commercial realities of the European port sector.

I assure hon. Members that we intend to rise to that challenge in Europe. Departmental officials are taking an active role in discussion with colleagues in other member states, sharing our assessment of the directive's impact on the port sector and soliciting their views and ideas. We have built up significant support in the Commission and among other member states. We are consulting widely at home and abroad with the various parties involved, as we did on the previous directive. I assure my hon. Friend the Member for Thurrock that there is no truth in the allegation that we are pressurising Members of the European Parliament to take a contrary view.

Andrew Mackinlay: I never believed it anyway.

Ms Buck: It is a bit late to mention that.

The Government have also taken the lead in persuading the Commission to undertake an impact assessment of its proposal, and it has now been accepted that the Council cannot resume discussion of the proposal until that assessment is available, which is expected to be in the autumn. The assessment should be able to demonstrate that there will be an overall net benefit from the proposal for port users across the Community.

During our presidency, we intend to continue to work with other member states, comparing their national impact assessments with that produced by the Commission. In doing so, we hope to develop sufficient consensus to formulate the substantial revisions that are clearly needed to the proposal.

We are well aware that, as has been reconfirmed this afternoon, uncertainties surrounding the directive are already having a significant impact on UK port investment plans. There is therefore a clear need to resolve the position as soon as possible. Even if the Council or the European Parliament eventually rejected the text, however, the Commission would be obliged to return to the subject in the years to come. We have a good opportunity now to achieve a sensible outcome, which would be preferable to allowing uncertainty to remain, with its potentially debilitating impact on the port sector's continuing effectiveness.

As the UK holds the presidency, we have to act on the consensus among member states. So far, that consensus is to achieve a significant outcome through substantial revision of the proposal.

In summary, the Government have indicated from the outset that the proposals must be realistic and proportionate in their impact on UK port sector interests. In addition, the directive must clearly recognise the diversity of the European port sector and the opportunities already provided. Our RIA clearly supports the view that significant improvements are needed to many aspects of the proposal if it is to meet those requirements. During our presidency, we are in a good position to begin work to deliver those improvements for the benefit of the European port sector and its customers.

Department for International Development (Mr. Howard Horsley)

3.59 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I secured this debate on Howard Horsley, whom the Department for International Development has treated badly, because he is a friend and for many years was the head teacher of a tough school in Grimsby, at which he gave distinguished service. He is also an idealist who is passionately concerned about international development. Indeed, he has done aid work in Africa and the West Indies.

When the incoming Labour Government expanded the aid programme, Howard gave up his teaching career to become the head of the largest British educational aid programme ever initiated in Ghana. His reward has been to be treated abominably by DFID. The problem was that he blew the whistle by drawing the attention of the Department in London to the programme's lax budgetary and other financial controls, which Ghanaian and foreign aid agencies in Ghana had drawn to his attention and which could give rise to corruption in purchasing, for instance, Land Rovers and computers.

Howard expressed his concerns in London to the then head of the Ghana desk, who told him that she shared many of them and that they would be addressed. The issue should have been treated as whistleblowing on malpractices under the Public Interest Disclosure Act 1998; instead, however, Howard was fired after he had just recovered from typhoid at home and was about to return to Ghana. No dissatisfaction with Howard had been expressed before, and none of DFID's disciplinary procedures, as set out in its 1999 documents on safeguards—hearings, the right to produce evidence, the right of appeal and the need for advance warnings—was applied.

Howard asked to return to Ghana to prepare his defence. He was told that he could, and should, do so and that his files would be protected. He arrived back in Ghana to find that his computer files had been expertly wiped and all his physical files had vanished on the instruction of a senior DFID official. He was told to return home immediately, and that he must not talk about the events to people such as me, his former MP, because the Official Secrets Act applied and sanctions would be exercised if he did.

On his return, Howard took up the issue with Sir John Vereker, the then permanent head of DFID, who said that an internal inquiry would be initiated. Only when those internal procedures had yielded nothing and he had exhausted internal remedies, of which there were few enough, did he refer the matter to a tribunal. At the tribunal, he was given no access to papers or to the accusations. The tribunal gave directions on disclosure that were not fully fulfilled, and the Treasury solicitor made inaccurate claims that Howard had been warned that the Official Secrets Act would apply and that all relevant documents had been disclosed.

Lord Goldsmith is an honourable man, but the claims were wrong. When Howard and I met him, he agreed that the claims were wrong, but said that they had been made in good faith on behalf of DFID, and that there was no obligation on the Treasury solicitor to check the accuracy of claims made by the client. However, the court was in effect misled, and it refused jurisdiction on the issue.

Only when the National Audit Office began to inquire were the disclosures required by the tribunal given to Howard, by which time the tribunal hearing had finished. Again, they were honourable men, and it was said that there had been a misunderstanding.

At this point, I became involved to try to help Howard, whom I regard as a man of idealism and good faith. I found that other means of redress had started to fail. First, Sir John Vereker, the permanent secretary, who is an honourable man, had said that a full internal inquiry had been initiated and carried out, but he seems to have been wrong. We learned from later correspondence that no inquiry had been initiated or requested. The ombudsman, with whom I took up the matter, has no jurisdiction on matters of employment. The data protection people's writ does not operate outside the UK; the events took place in Ghana.

I took the matter to Baroness Prashar, the senior civil service commissioner, who was receptive, responsive and helpful, but she told me that there had been confusion over the capacity in which Howard Horsley had been employed. He was not a civil servant, although the post was advertised as a civil service job and he was interviewed as such. Had it been a civil service job, he could not have been dismissed in such a fashion. Neither was he a technical co-operation officer, because that covers British officials seconded to foreign Governments to handle British aid programmes. He was working not in that capacity but directly for DFID. Had he been a technical co-operation officer, he would have been better protected and would have had more rights against dismissal.

Baroness Prashar said that he was employed under the royal prerogative, which is a rather mysterious category of employment. She explained that it was rather like the secret service. That had me baffled, because it meant that he had no protection. However, Baroness Prashar wrote to the Cabinet Secretary saying that such people should have their position recognised and regularised. I am grateful to her for doing that. Provisions for regularisation of such posts were put into force in DFID when the posts were all transferred to civil service staff in 2002.

I wrote to the Cabinet Secretary as head of the civil service and therefore, presumably, the protector of somebody treated in such a fashion, asking for an inquiry and asking him to meet Howard and me after we had trailed around all those other bodies trying to get them to intervene. He declined to initiate an inquiry and declined to meet us. He told us that there had already been a full inquiry; that was not true, but, of course, the Cabinet Secretary is an honourable man.

I also went to Sir John Bourn at the National Audit Office; he was very helpful. He considered the issue, and officers were sent out to Ghana to look at what had happened there. He found that the financial controls in DFID in this country were lax and that similar laxities applied in Ghana. He said that that should be put right. He agreed that, in view of the laxity of the controls, corruption was possible, but he did not find any. He did not, it is fair to say, speak to any of the other foreign aid agencies operating in Ghana, which might have told him a different story.

At first, Sir John found that Mr. Horsley's predecessor had not complained. He later corrected that when we demonstrated that Mr. Horsley's predecessor had complained about the same issues and that at the end of his period of service his contract was not renewed and he was out of a job. That was corrected in the NAO report.

Sir John also found no reference to, or record of, the payment of £18 million that Mr. Horsley complained about. I want to digress at this point. Apparently, when the Chancellor sold part of the gold stocks, the gold price fell, producing severe difficulties for Ghana and its agricultural exports. That was discussed in a meeting in London with the then Secretary of State for International Development, at which the Ghanaian deputy Education Minister was present, and the Department considered making a payment to help the Ghanaians. The Ghanaian Education Minister was in London at the time but was not called to the meeting. Howard Horsley and the overseas aid community in Ghana knew that there would be a payment to help them in that situation.

On 23 September 1999, Mr. Horsley was called to a meeting with the Ghanaian equivalent of the Comptroller and Auditor General. He went with a representative of the British high commission, a Mr. Stuart, and was told that £18 million had arrived and it would shortly release money for educational purposes in Ghana, where he was working at the time. Many people knew of this but the NAO went through the ledgers of payments overseas by the Treasury, the Overseas Development Administration and other agencies and could find no trace of the payment.

Sir John Bourn, the Comptroller and Auditor General, wrote to me to say that the British embassy official, Ian Stuart,

"has confirmed to my staff that he was present at the talks, and that the then Secretary of State (Ms Clare Short) lent a sympathetic ear to the Ghanaians regarding the fall in the gold price, and the price of agricultural commodities such as cocoa and coffee. He added, however, that he was 'absolutely sure' that there was no rapid disbursement of funds to Ghana following the talks."

That is a very equivocal statement. The NAO was not able to enlarge on it for us. What does it mean? No rapid disbursement of funds does not mean that there was no disbursement of funds. It presumably means that there was no immediate disbursement of funds. That was the statement. This issue of why the £18 million was paid and what happened to it is very mysterious. I put it no stronger than this, but it may account for the way that Howard Horsley was being treated by the British Government and why there was so little response to his points.

Indeed, as a result of the NAO report, a document entitled "A Review of Safeguards Against Misappropriation and Diversion of Aid" was issued. It states:

"Appropriate channels for reporting corruption should be established".

That is what Howard Horsley tried to do. The document continues:

"Internal procedures for reporting suspicions should be clear and made known to staff".

There is a direct endorsement of what Howard Horsley was saying, which had been ignored by DFID. At least something resulted from our interviews and the work of Sir John Bourn and the NAO.

This has been for me a sad and deeply frustrating experience because we have gone round from one body that is there to help redress grievances and to see that the rules are observed to another. We have received a little help from all—substantial help from the NAO—but no resolution of the basic issue of why Howard Horsley was treated in this disgraceful fashion and fired from a job to which he had committed himself through idealistic motives.

We have been batted around like two shuttlecocks, almost going round to all these bodies holding hands. Everyone knew that it was an issue of concern. Everyone had some information to offer and a little help, but nobody could resolve the major issue. In the end they have all put up the shutters, which is why I am here today raising this issue. If nothing can be done, details of the abominable situation that has been allowed by DFID to arise in the face of a manifest injustice should at least be put on the record.

I should add that as a final piece of vindictiveness Howard Horsley was refused a reference by DFID. He was offered a senior, well-paid administration job in education. But a reference is needed before that can be finalised. DFID at that point, despite my pleas, refused him a reference. He has not worked since. He is now 60 and he has not worked because of this disgraceful treatment over all these years.

First, there is a need to strengthen the whistleblowing protections under the Public Interest Disclosure Act and to stop using the Official Secrets Act to avoid embarrassment to Departments. Most of all, DFID needs to do justice to this man over this case. There should either be an independent inquiry into the matter, or—I would prefer this—Howard Horsley should be reinstated in the job in which he was doing such good work, and to which he was so committed. Had he been a technical co-operation officer employed by a foreign Government to attend to the disbursement of British aid, the good governance requirements that DFID imposes on foreign Governments who work in that capacity would have prevented his being treated in this way. A foreign Government would not have been allowed to treat him as DFID has. Had they done so, there would have been a cut-off of aid. DFID should observe the standards that it preaches to other Governments. Instead of rewarding Mr. Horsley's manifest commitment and idealism, it treated him in a disgraceful fashion, and that should not have been allowed. It is never too late to do justice.

4.16 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): As is traditional, I start by congratulating my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on securing the debate, although I recognise that it will bring him no joy. It certainly brings none to me, or, I am sure, to those who watch or read the proceedings.

I welcome the opportunity to clarify the record regarding Department for International Development management practices at what is a hugely important time for development and for aid generally. I shall address Mr. Howard Horsley's dismissal, but first I shall make some general remarks about the Department's management practices and touch on the issue of Ghana.

[Mr. Gareth Thomas]

Earlier this month, at Gleneagles, the G8 countries made an historic agreement. They agreed a comprehensive package of measures to accelerate development in Africa and the developing world. Because of that agreement, Africa can make faster progress toward achieving its millennium development goals. The package is a momentous and important result for Africa, the UK and the international community. Inevitably, it gives DFID a great opportunity and a great challenge, and I am confident that it will meet that challenge.

It is important to point out that others share my confidence in DFID. In January, the Prime Minister said that it is

"probably the most respected such Department in the world."—[*Official Report*, 12 January 2005; Vol. 429, c. 295.]

Praise for the Department has come from a range of other sources. The Canadian Institute of International Affairs recently said that DFID is generally considered to be the best development agency in the world. In 2003, a BBC "Westminster Hour" survey panel that included a former Minister, lords, MPs, former civil servants and journalists rated it as the top-performing UK Government Department. Therefore, I have reason to be proud of DFID's performance. If one is proud of one's Department's performance, one must inevitably be proud of the way in which it is managed.

I turn to some specifics about DFID's management practices. In all our work we stress the importance of sound management, which must start with a clear focus. Our public service agreement sets out that focus. The agreement is centred around achieving the ambitious and internationally agreed millennium development goals, but it essentially has one aim, which is reconfirmed in the International Development Act 2002: to work towards the elimination of poverty in poorer countries.

In mid-2004, following direction from Ministers, our management board set out a programme for the next three years that highlighted delivery and performance against that single, overarching aim. Part of the agenda was a wide-ranging efficiency programme. We believe that gains worth £400 million can be achieved in the period 2005–06 to 2007–08. We monitor our efficiency gains as part of our effort to monitor and report on our performance. Like all Departments, we publish progress against our public service agreement twice a year and we report publicly on our website.

The public service agreement includes a value-for-money objective, which includes the aim to increase the proportion of our bilateral programme excluding humanitarian assistance to low-income countries from 78 per cent. to 90 per cent. in the current financial year. The Department knows that it can enhance its performance through collaborative working, so of course we join our efforts to those of other Departments, not least the Foreign and Commonwealth Office and the Ministry of Defence on conflict prevention.

We have a range of sound management practices that protect that value-for-money objective. They include a system of internal control that has been commended by the National Audit Office, annual statements of assurance from each of nine divisional directors, a very active internal audit function and a thorough approach to risk management. In 2004, we also launched further anti-fraud, anti-corruption measures, seeking further to adopt a zero-tolerance stance.

Our sound management practice does not stop at financial issues. In the end, the Department's achievements are about the achievements of our staff and ensuring that their unfailing energy, skill and determination is maintained. That is why this year we launched a major new programme further to improve people management, our approach to which embraces constant efforts on diversity. Those in turn have been bolstered by the launch in 2004 of the "Diversity Vision and Strategic Priorities" paper, senior managers being responsible for delivery against the priorities identified. In summary, we have a range of management practices that ensure strong performance and delivery against our poverty elimination aim.

I shall mention our work in Ghana, a country where Mr. Horsley worked. As hon. Members know, Ghana is a very poor country; more than a third of its population, about 7 million people, live on less than a dollar a day. In Ghana, my Department spends about £70 million a year. The programme is firmly targeted on the poor and on creating the conditions for economic growth. The country has a thriving democracy and a reputation for using aid well. Our programme has succeeded in helping Ghana to bring down poverty by about 10 percentage points since the 1990s. Poverty has reduced to about 37 per cent. of the population today, putting Ghana on track to reach the income poverty millennium development goal by 2015. It is one of the few countries in Africa that is on track to do so.

Our support for Ghana's progress on poverty would not be possible without sound management in the DFID Ghana office. Our internal audit department carried out a further health check of that office in February 2003, judging its management systems to be robust. My hon. Friend may be interested to know that the National Audit Office is expected to visit DFID Ghana again in December further to review our management systems and practices in that office. I will welcome what it has to say.

On people management, DFID Ghana was inspected in 2003 as part of our Investors in People accreditation process. An independent assessor interviewed all 45 staff in Accra and rated DFID Ghana's management environment as good.

I shall refer to the specifics of the case that my hon. Friend raised—the dismissal of Mr. Howard Horsley. My hon. Friend will understand that I cannot breach confidences about Mr. Horsley's personal information and employment in this setting, but I can confirm some key facts about the case. The Department employed Mr. Horsley from May 1999 to January 2000. He was dismissed on 6 January 2000 on performance grounds. Since then, my hon. Friend has written some 17 letters to the Department about Mr. Horsley's case. Two DFID Secretaries of State, two DFID permanent secretaries and two Cabinet Secretaries have considered the matter. Mr. Horsley commenced employment tribunal proceedings in April 2000. The litigation ended following a number of hearings in November 2003, and Mr. Horsley was not successful. The NAO has investigated my hon. Friend's concerns about financial practices in the DFID Ghana office and found no

evidence of impropriety. There has also been a series of DFID internal, civil service commissioner and Attorney-General investigations and reviews since the dismissal, which my hon. Friend alluded to. My Department estimates that its costs for investigating and reviewing the case now exceed some £40,000. I recognise that my hon. Friend's constituent has also had huge costs.

Mr. Mitchell: Those costs, of course, would not have arisen had Howard Horsley not been so badly treated, and had the requests not been refused. I am delighted to hear of all the improvements that have been put in place since this case, but they are all subsequent to it. According to the memorandum, the procedures for dealing with staff problems in the Department apply to all employees of DFID, so why was Mr. Horsley not accorded the same procedures, rights of appeal, including internal appeal, and right of internal warning, that the procedures set out?

Mr. Thomas: I recognise that my hon. Friend will not like my answer, but I return to the point that I just made. The case has been considered by two Secretaries of State, two permanent secretaries in the Department, and two Cabinet Secretaries, as well as the employment tribunal. Mr. Horsley has not persuaded those individuals and the tribunal of the merits of the case.

Mr. Mitchell: Of course the matter has been considered by two Secretaries of State, because I kept on raising it. However, one of them was told by Department officials that Mr. Horsley was litigious and that therefore no information should be given. I come back to the point that all this trouble would not have been necessary had proper procedures been followed.

Mr. Thomas: I hear my hon. Friend's point. The advice that he says was given to previous Secretaries of State does not mean that the case has not been extensively and thoroughly investigated. I recognise that my hon. Friend has a different view of the outcome, but I repeat that the case has been thoroughly investigated.

Following the various tribunal proceedings, investigations and reviews that have taken place, the Department strongly believes that no outstanding issues remain to be dealt with. I recognise that that will disappoint my hon. Friend's friend, and, indeed, my hon. Friend himself.

My right hon. Friend the Secretary of State wrote to Mr. Horsley in May 2004 and said that he did not see then how the matter could be taken any further. The Department considered the matter closed then, and I believe that it is closed now. I recognise that that is not the answer that my hon. Friend wanted, but it is an accurate picture.

Urology Services (East Kent)

4.28 pm

Mr. Julian Brazier (Canterbury) (Con): On a point of order, Mr. Bayley. I have not yet cleared it with you and the Minister that my hon. Friend the Member for Faversham and Mid-Kent (Hugh Robertson) may join me in the debate.

Hugh Bayley (in the Chair): He may contribute if it is all right with the Minister.

Mr. Brazier: Thank you, Mr. Bayley, that is splendid.

I am grateful for the opportunity to raise the subject of the proposed reorganisation of urology services in east Kent. I am delighted to see the Minister in her place. She will know that the new model of care in east Kent has been through a traumatic birth and that finally, after a six-year battle, things settled into the new configuration in February. In a moment I shall describe how the proposals that I want to discuss this afternoon, for the provision of surgery for bladder and prostate cancer in Kent, threaten the heart of the new model of care. However, I want first to raise a number of specific objections to the proposals.

Briefly, the proposals would remove bladder and prostate surgery from the new east Kent urology centre at the Kent and Canterbury hospital to two hospitals in west Kent. My first specific objection relates to the issue of quality of clinical care. In January last year, a Kent and Medway cancer network internal peer review, including external reviewers, identified the East Kent Hospitals NHS trust as an excellent provider of surgery for bladder and prostate cancer. The unit was described as having the most advanced multidisciplinary team in Kent.

A recognised and internationally used measure of quality and cost-effectiveness in those procedures is the average post-operative length of stay for patients. Audit of radical prostatectomy in Canterbury shows a post-operative stay of 2.6 days. That is outstanding compared with other major providers—two that I could find the figures for were Bristol at 3.6 days and Basingstoke at 5.3 days. America publishes a national league table, in which the spread is from 2.4 to 4.8 days, so Canterbury, by American standards, would be one of the very best. Perhaps the most impressive statistic of all is that 96 per cent. of Kent and Canterbury patients were fully continent one year after the radical prostatectomies.

That audit was carried out against the criteria laid down in 2002 by the National Institute for Health and Clinical Excellence, which stated that a unit should perform a critical mass of around 50 operations a year to maintain standards. Kent and Canterbury, with about 60 a year, was well within those guidelines. However, the goalposts have now been arbitrarily moved. An amendment to the improving outcomes guidelines changed the requirement to insist that each unit serve a population of 1 million in order to perform that surgery. Time prevents me from going into much detail on that matter, but no academic evidence that I know of has been offered to suggest that that is a good idea. Indeed, I have received e-mails about a whole string of studies that suggest that it is not. One study in

[Mr. Brazier]

Glasgow, carried out by McCabe et al., suggests that for radical cystectomy, for example, a case load of eight operations a year—a very low case load—is associated with the lowest mortality rate.

Such a population base is, in practice, outside the reach of most British district general hospitals. Implementing the IOG is causing havoc in Kent and across the country, threatening to ruin carefully developed models of care and to disrupt teams of surgeons, anaesthetists and nurses who provide excellent standards of care.

We are therefore faced with a situation in which important cancer services are reshaped according to theoretical criteria, rather than the actual outcomes, which have been shown to be excellent. Kent and Medway cancer network says:

"This review was about making a judgement on what would be the most sustainable and deliverable configurations of prostate and bladder cancer surgery."

Yet, barely nine months after the excellent report that I mentioned earlier, the external review panel said, on the one hand, that East Kent Hospitals NHS trust scored extremely poorly on the critical criterion of clinical quality but, on the other hand, that it had

"a currently excellent service with low lengths of stay, strong nursing support, patient focus, community-based post-operative care and a newly formed urology team at Kent and Canterbury Hospital."

That team, which has taken seven years to develop, is under threat from the theoretical criteria that have generated that ghastly exercise in tick-box planning.

I have worked with the Minister in a number of capacities, when we were both Back Benchers, and I do not believe that she wants to take the NHS into territory where words start to mean whatever the speaker wishes. If both the peer review and the report acknowledge that the service in east Kent is excellent, there is something bizarre about theoretical criteria that are used to tick boxes and conclude that the service is of poor quality.

I shall speak more briefly on my second objection to the proposals, which concerns accessibility. The effect of the reorganisation would be to leave no facility at all in east Kent but to provide two units in west Kent. Those units are only 12 miles apart and have an excellent road connecting them. Patients in east Kent will have great difficulty if they are reliant on public transport to access those units, and our ambulance service is already overloaded. How will east Kent patients benefit from travelling many miles for operations that, based on current audit data, will be performed no better in west Kent than in east Kent? In fact, they will be performed slightly less well, according to current figures. Obviously, the proposals must be considered on their merits, but to people living in the comparatively poor area of east Kent, they conform to an all-too-typical pattern across many public services, some of which are completely unconnected with the NHS. The team of nurses, anaesthetists, surgeons and recovery staff, who were carefully put together and have built such a good reputation in a short time, would go to waste.

Those are the specific objections, but the most important objection is more general and involves the threat that the proposals pose to the whole model of care so painfully assembled in east Kent over the past six or seven years. That model of care provides two acute hospitals in east Kent, supported by a specialist hospital in Canterbury, which in practice is by far the most accessible of the three sites, especially for elderly people. It has a local emergency care centre, the first of its kind in the country. Medical specialties such as acute medicine, coronary care, health care of older persons and the Kent renal unit are also included. All those services require 24-hour resident surgical cover. The arithmetic is that, between them, the urology unit and the vascular surgery unit have just enough posts to provide the necessary number of doctors for a safe and sustainable surgical rota.

The proposed removal of those operations and the resulting changes in consultant posts would reduce training opportunities and experience. House officer and trainee posts at Canterbury would be at risk of losing the crucial training recognition from deaneries and colleges. Even without a loss of training recognition, the loss of income from the operations would severely reduce the number of training posts at Canterbury. It would then be impossible to run an on-call rota for surgical emergencies that complied with the European working time directive on the Canterbury site. The whole edifice of the model of care, built up over seven years of battles, would simply collapse under the current proposals, unless there was further reorganisation that provided surgeons from another source.

We are talking about the loss of the local emergency care centre. Acute general medicine, coronary care, health care of older people and the Kent renal unit would become non-viable on the Canterbury site, as would vascular surgery and in-patient urology in the long run. Would the additional capital and revenue required to provide those services elsewhere in east Kent be made available? Would east Kent develop yet another new model of care after all the changes and reorganisations, or would yet more of east Kent's specialist services be moved to west Kent?

The primary care trusts expressed concerns on that when they arrived at a verdict in favour of the changes by a six-to-three vote. I need hardly say that it was the three easternmost PCTs that voted against. They all made it clear, however, that the changes must be contingent on not undermining that critical mass. They put the Canterbury and Coastal PCT—one of the three that opposed the proposals—in charge of the change process, with a brief specifically to that end.

Survey after survey has shown that Canterbury is by far the most accessible hospital in east Kent. For the people living in Canterbury, Whitstable and Faversham—I am particularly glad to have my hon. Friend the Member for Faversham and Mid-Kent here—and the people in most of the villages, which provide more than a third of the population of east Kent, Canterbury is the most accessible site. The devastation of its model of care and the undermining of the whole settlement in east Kent is threatened by these terrible proposals.

I shall ask the Minister another question as I come to a close. I understand that the reviewer of the process was supposed to be independent. He was independent in the sense that he came from outside Kent, but will the Minister tell us whether that reviewer, who I suspect had

a hand in formulating this bizarre policy with the critical mass of 1 million and the rest of it, has ever been called in anywhere and found in favour of a distributed rather than a centralised model? I ask that because the view locally is that he is an avowed centraliser brought in by the Kent and Medway cancer network to rubber-stamp its solution rather than a genuinely independent figure.

There is too much at stake to leave the matter to drift away. The first local emergency centre in the country is running well. After some extremely painful teething problems—one of the staff nurses happens to be a close neighbour of mine—it is now a fully recruited establishment. At one point it did not think that it would achieve that. It would be monstrous if all that were put at risk by the empire-building of one small group of people.

I welcome the fact that Kent county council's scrutiny committee has insisted that there should be a public consultation noting that the recommendation does not support the interests of east Kent. That scrutiny committee is led by an experienced doctor whose constituency lies far to the west of Kent, and I hope that that consultation will be a genuinely independent process. I urge the Minister to support the professionals in the East Kent Hospitals NHS trust and the people of east Kent, by rejecting this illogical and unbalanced proposal.

4.41 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I apologise to the Minister for not declaring an interest in this debate. I should tell her that my constituency is in a curious position because it spans both hospitals. My constituents in and around Faversham—the Swale borough council area—almost all use the Kent and Canterbury hospital referred to by my hon. Friend the Member for Canterbury (Mr. Brazier). My constituents in the Maidstone area benefit from the Maidstone hospital.

Having considered the matter as a whole, I am convinced that the proposal is very poor. There are five reasons for that. First, the Kent and Canterbury hospital has just got over a long and bitter fight concerning its future. Secondly, very specific undertakings were given by the Government, and there is a feeling that in sucking urology away from Canterbury, the proposal breaks the spirit, if not the letter, of that agreement. It certainly goes against the spirit of what the Secretary of State told my hon. Friend and me a short while ago.

Thirdly, it is immensely unsettling for staff. Many of the nurses who work in the hospital live in my constituency, and I have had many letters from them about the matter. Fourthly, there is the worry locally that sucking the service away will undermine the critical mass of the Kent and Canterbury hospital.

Finally, if one happens to live in Faversham or in the marshes beyond it, which have no public transport and are on a pretty dodgy road network, it is extremely difficult to get to Maidstone. Quite a lot of elderly and vulnerable people live in that area and, for them, getting to Canterbury is a reasonably viable proposition. Getting all the way over the top of the downs and turning right to go to Maidstone is extraordinarily difficult, and there is no direct public transport link from Faversham to Maidstone. For all those reasons, I entirely support my hon. Friend. I hope that the Minister will see fit to overturn the proposal.

4.43 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I congratulate the hon. Member for Canterbury (Mr. Brazier) on securing today's debate, and I welcome the presence of the hon. Member for Faversham and Mid-Kent (Hugh Robertson), who clearly wishes to support his point of view. I acknowledge that they have come to the debate with concerns—whenever there is change in health service provision, people need to be reassured about the reasons for that change and the impact both on staff who provide services and on present and future patients.

I would like to take the opportunity to pay tribute to all the staff, in the area in question and beyond, who are committed to the improvement of local services. I shall talk about the peer review a little later, but it is difficult when there are hospitals that are—

4.44 pm

Sitting suspended for a Division in the House.

4.52 pm

On resuming—

Caroline Flint: I thank the hon. Member for Canterbury for warning me which issues concern him most.

I want first to say something about the significant progress made towards the objectives set out in the NHS cancer plan to reorganise, standardise and rejuvenate cancer services so that we can compare to the best in Europe. We are delivering better treatment more quickly to more people than ever before. Cancer mortality in the under-75s has fallen by over 12 per cent. in the past six years, which equates to around 33,000 lives saved. Some 99 per cent. of patients with suspected cancer are seen by a specialist within two weeks of being referred by their GP, and in the hon. Gentleman's area nearly all suspected cancer patients—99.9 per cent.—received an appointment within two weeks at the East Kent Hospitals NHS trust. I am sure that he agrees that cancer services must continue to modernise to improve the service to patients.

We need to establish in Government how clear national standards and securing unprecedented increases in resources can contribute to empowering local health communities to deliver high-quality cancer services for their population. One way that we are doing that is to ensure that the NHS has clear guidance, and the NHS cancer plan set out the intention to make available authoritative guidance on all aspects of cancer care. The guidance is aimed at helping those involved in planning, commissioning, organising and providing cancer services to ensure that those services are organised to ensure appropriately high-quality care.

In September 2002, the National Institute for Health and Clinical Excellence issued guidance on improving outcomes for urological cancers, which is being used as a framework for the NHS to ensure delivery of high-quality services for patients with those cancers. The

[Caroline Flint]

guidance recognises that the diagnosis, treatment and care of a person with a urological cancer can be complex and is best provided by bringing together people with all the necessary skills, knowledge and experience. My understanding is that the patients requiring radical surgical management of bladder and prostate comprise less than 5 per cent. of the urology patients treated at the Kent and Canterbury hospitals.

There is, generally, an increasing demand for urology services. Therefore, it is highly likely that we will need at least to maintain the level of consultant cover, to ensure support both for all urological services and for the hospital in general. It is for that reason that the guidance recommends that all patients with urological cancer should be managed by multidisciplinary urological cancer teams. Another key recommendation, which was mentioned by the hon. Gentleman, is that radical surgery for prostate and bladder cancer should be provided by teams typically serving populations of 1 million or more and carrying out a cumulative total of at least 50 such operations per annum. I take on board the point that the hon. Gentleman made about there being 60 operations per annum at his hospital.

The NICE guidance is based on sound evidence, which is available on our website. It is supported by a wide range of key stakeholders, including the prostate cancer advisory group and signatories to the prostate cancer charter for action. It has been widely supported throughout the cancer network and community. The guidance is not about recommending change for change's sake but about considering how outcomes can be improved for future patients by centralising expertise in highly specialised fields. As I mentioned, there will be an increased need for other services in the area at local level.

As the hon. Gentleman is aware, responsibility for delivering cancer services rests with the 34 cancer networks that have been established throughout the country. In Kent and Medway, there is a local commitment to bringing specialist urological cancer services up to national standards. As he knows, specialist urological services are provided by East Kent Hospitals NHS trust, Maidstone and Tunbridge Wells NHS trust, Medway NHS trust and the Dartford and Gravesham NHS trust.

Following the publication of the NICE guidance in 2002, the Kent and Medway cancer network agreed to undertake an external review to test the feasibility of centralising specialist urological cancer services for more radical treatments at one or two sites. The review was chaired by Mr. Mark Fordham from the Royal Liverpool and Broadgreen Hospitals University NHS trust. He is one of Britain's leading authorities on urological cancers. The panel also included specialist urologists, oncologists, pathologists, radiologists, clinical nurse specialists and local service users.

I am aware that concerns have been raised locally about the review process. The hon. Gentleman has added his voice to those concerns. However, I am assured that the process was both thorough and objective and that the criteria used by panel members, and their relative weightings, were agreed by medical and surgical specialists from all local trusts providing that service.

Mr. Brazier: The Minister is right on that point. However, crucial to those criteria was the agreement that quality of service should be high. I set out for the Minister in detail why the quality of service in east Kent was, by any objective measure, very high indeed. It is higher than in west Kent or in other parts of England and America. The measure that the panel used on quality meant something different. It was considering theoretical criteria so, absurdly, the same organisation with a service rated as excellent was deemed to be poor in the review process. The service did not meet the theoretical criteria, although the performance has been excellent on all the objective measures that I listed.

Caroline Flint: In addition to what the hon. Gentleman just said, he mentioned that an internal peer review carried out by the Kent and Medway cancer network last year praised the team and the work being done at Kent and Canterbury hospital. However, the peer review commented only on the current provision of services and did not inform the Kent and Medway cancer network on the future strategic direction of specialist urological services.

That is why we return to the NICE guidance about planning cancer services for the future. That was why the network had to commission an external review to consider how services throughout Kent could be brought in line with national best practice guidelines.

I hear what the hon. Gentleman said. I know that he has been in discussion with various people from the strategic health authority and other organisations. Although there is no doubt that the work at Kent and Canterbury hospital is to be praised, it fell short when lined up against other centres in the determination of which hospitals and sites were best served to provide the complex package of surgical procedures. That was a process that Kent and Canterbury hospital understood and contributed to.

Mr. Brazier: I am grateful to the Minister for giving way, but what she just said is incorrect. Kent and Canterbury did not fall short of any other centre. No other centre anywhere has been shown to be superior, to the best of my knowledge, and certainly not the other centres in Kent. All that it was found to fall down on were theoretical tick-boxes of population sizes and other factors, which were in the NICE criteria. In the actual measures of performance, it out-performed not just the rest of Kent but other comparable places in this country and in America. It performed far above the national average on all the performance criteria, such as length of stay and the proportion of people who were still continent at the end of the process.

Caroline Flint: As I have said, I do not doubt issues of performance and quality of care, but the review took into account a range of factors, in order to identify the best way in the future to provide the best services within that part of the country. That is not to say that no other services will be needed in other parts of the Kent and Medway cancer network area. As I said, patients requiring the radical surgery that we are discussing

comprise less than 5 per cent. of the number of urological patients treated at the Kent and Canterbury hospital. After considering a wide range of issues, including performance, it was felt after the review that that hospital would not be included in the future site.

I hear what the hon. Gentleman says about the criteria and the weighting of scores, although he obviously disputes that weighting process. However, that is the conclusion to which the team came. It recommended that Maidstone hospital and Medway Maritime hospital should be the chosen sites. That recommendation was subsequently endorsed by all nine primary care trusts at a meeting in May 2005. It is important to stress that the proposals developed by the cancer network are about how to provide the best possible specialist urological, bladder and prostate cancer services for the future. The proposals are not about the relocation of the entire urological cancer service or about urological services as a whole. Under the proposals, the urology unit at the Kent and Canterbury will still have a key role to play.

I appreciate the concerns raised by the hon. Gentleman about the distance that his constituents and other residents in east Kent will have to travel—that point was also made by the hon. Member for Faversham and Mid-Kent. The external review team gave that consideration, but it was also impressed by the views of both hospital staff and service users that patients would be prepared to travel for higher quality specialist care. The result will mean that patients will get better care because the change in provisions represents progress towards national standards.

As the hon. Gentleman will know, the next steps on the matter have been discussed locally by representatives of primary care trusts, the Kent and Medway cancer network and the local authority overview and scrutiny committees. It was agreed at a meeting on 29 June 2005 that some form of further consultation on the proposals would occur. The Kent and Medway cancer network has been considering how that further review should best be implemented, and I understand that the chair of Kent and Medway strategic health authority has spoken to the hon. Member for Canterbury in the last few days.

This week, following legal advice, it has been decided that the PCTs in Kent and Medway will not implement their decisions about future radical bladder and prostate cancer surgery pending the outcome of a further review of the impact of the decision on services at Kent and Canterbury hospital. The hon. Gentleman made a number of points about whether there would be a knock-on effect on other services, which may feel that their future could be jeopardised because of other services moving away to another centre. That change in services is solely about specialised urological cancer surgery, and the east Kent review will consider the impact of the change in the Kent and Canterbury hospital. I hope that that will be an opportunity for the hon. Gentleman and his hon. Friend the Member for Faversham and Mid-Kent, and others, to take part in the process.

The overview and scrutiny committee process is meant to play a part in the issues. In preparing for the debate, I asked some questions about how that had been done. The Kent county council overview and scrutiny committee was contacted before the review was carried out and before the process of the review was agreed to determine how it wanted to be involved and whether at that stage it thought that any consultation was necessary. I am advised that in response it asked only to be kept informed. It was given an opportunity to comment on the criteria, and I understand that no formal response was received. It was given an opportunity to shadow the external review, and I understand that it did not offer any names.

I bring those points to the debate because it is important to have confidence in the overview of such processes and the way in which such discussions are held. It is important that the overview and scrutiny process works well and involves local stakeholders.

I have taken into consideration the remarks made by the hon. Gentleman, and also his concern. I urge him, the hon. Member for Faversham and Mid-Kent and their constituents to take part in the further review that the east Kent PCTs will undertake. The details will be announced locally, and I hope that all views will be heard. The PCTs throughout Kent and Medway will, I hope, be reassured that their final decision will deliver the best services.

Mr. Brazier: I welcome the Minister's remarks. Will she clarify who is leading the review? Is it the East Kent Coastal primary care trust or all the primary care trusts?

Caroline Flint: I understand that the East Kent Coastal PCT will lead. I hope that ultimately everyone concerned will be reassured that we will have 21st-century cancer services that are fit for purpose and, most importantly, fit for the needs of local communities.

Hugh Bayley (in the Chair): It is always confusing to Members when the debate is interrupted. I should like to thank hon. Members on both sides of the House for co-operating and getting back to the Chamber quickly.

Question put and agreed to.

Adjourned accordingly at seven minutes past Five o'clock.